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Newly freed Palestinian prisoners waving plastic handcuffs and a photo of Yasser Arafat on Friday.

Israel Starts Troop Pullout

Palestinians Hail First Phase of West Bank Handover

By Deborah Sontag New York Times Service

KABATIYA, West Bank - One month after the land-for-security peace plan was signed in Washington, the Israelis completed the first of a threephase withdrawal from the West Bank

They also released 250 Palestinian prisoners, more than half of them common criminals, and signed a document authorizing the long-delayed opening of the Palestinian airport in Gaza, now set for Tuesday.

A breakthrough after 19 months of stalemate in peace talks, the new plan seemed fragile even as it was signed. But it eleared a daunting set of political hurdles in the last few weeks.

All day long on Friday, the Pales-tinian people of Kabatiya lined the dusty streets of this quarry town, waiting to be liberated. They strung streamers, bung flags, dressed their children in khaki

uniforms and plastered their bicycles with pictures of Yasser Arafat, the Palestinian leader.

They knew it would be hard to pinpoint the exact moment when the Israeli military occupation ended and their town became fully Palestinian. Unlike when the troops pulled out of the big Palestinian cities during the last re-deployment, there would be no visible withdrawal because the Israelis did not

maintain a base here. But the volley of gunshots was their cue. In the late afternoon, a convoy of Palestinian police jeeps roared into

Honking and firing their rifles into the air, the Palestinian police took triumphant control of this northern West Bank town, one corner of the 570 square kilometers (220 square miles) of territory that the Israelis turned over to the Palestinians on Friday.

"The occupation

kurneh, 20, a barber who watched from his sbop as his neighbors threw themselves on the jeeps. Police are driving through this town firing their weapons. and we are not ducking from fear. They are our police, and the weapons are not to be used against us but 10 defend us. This is the way it should be.

By the time that Haj Ismael Jaber and Moshe Yaalon, the Palestinian and Israeli army commanders, initialed the land-transfer documents on Friday, behind closed doors at a makeshift military command center, it seemed almost anti-climactic.

It also seemed prosaic, at the start, For hours, the only sign that anything was taking place were the flatbed trucks fanning out across the northern West Bank, in the sparsely populated area between Jenin and Nablus.

On a hilltop outside Jenin, one of the trucks stopped on an empty road in a

See MIDEAST, Page 4

Zarya (Functional Cargo Block)

Quitting, Adviser Assails Starr's Impeachment Push

Statute Violated, Ex-Watergate Counsel Says

By Brian Knowlton

WASHINGTON - A day after his grueling questioning in Congress, Kenneth Starr found his credibility again under attack Friday as a respected former Watergate counsel resigned from his team to protest what he called Mr. Starr's 'aggressive' advocacy for the impeachment of President Bill Clinton.

Sam Dash, who was chief counsel to the Senate Watergate committee in 1974, carried through on a threat to Teign as Mr. Starr's ethics adviser if the did himself some good. On impeachdependent counsel testified before the vocate of impeachment.

You have violated your obligations regeneration for CNN and USA Today, under the independent countries status. Bould little change in public scriment and have unlawfully surrided on the Thirty-five percent of those surveyed power of impeachment. Mr. Deshi said that they wanted their congressions wrote Mr. Starr in a letter obtained by to vote for impeachment, compared with The Associated Press.

'Against my strong advice," Mr. Dash wrote, "you decided to depart from your usual professional decisionmaking by accepting the invitation of the House Judiciary Committee to appear" and "serve as an aggressive advocate for the proposition that the evidence" shows "the president committed impeachable offenses."

Mr. Starr took Mr. Dash's departure in stride. "I regret that I have a gentle isagreement with Sam," he told reforters outside his suburban Virginia house. "He came to his judgment and I respect that judgment."

Looking remarkably fresh after his daylong grilling. Mr. Starr said that he had the "most profound respect" for Mr. Dash, 71, and that the two had had what he called "principled disagreements."

The resignation occurred only hours after Mr. Starr opened the public phase of the impeachment inquiry into Mr. Clinton's behavior in the Monica Lewinsky affair. Mr. Starr's testimony had. two purposes: to restore his once shiny professional reputation and to revive an ampeaclment inquiry that has lost momentum. On his reputation, he probably ment, there were few signs that he

An inspirit poll, taken by the Gallup to vote for impeaciment, compared with 62 percent who did not, a slight increase in support for impeachment from a few days earlier, but within the statistical margin of error. Sixty-seven percent of respondents said Mr. Start had made an

excellent or good presentation.

Democrats quickly seized on the
Dash resignation as vindication of a charge they have raised repeatedly against Mr. Starr that his lengthy and costly investigation of the president was motivated as much by a political distaste for the president as by a desire to objectively pursue the facts.

See STARR, Page 4

Initial Piece of Space Station Is Lofted

Russian Launching Just Start of Dozens

By Sharon Lafraniere Washington Post Service

MOSCOW - A Russian rocket boosted the first piece of an international space station into orbit Friday in a smooth start to an ambitious international engineering

This was the first of dozens of launchings planned over the next five years as astronauts, working 355 kilometers (220 miles) above the earth, try to assemble a \$63 billion, football-field-long laboratory for scientists from 16 nations.

While technically routine, the positioning of the first module was ilestone for a project that has survived 15 years of controversy, delays, cost increases and design overhauls. U.S. and Russian space officials were inbilant about the

The 20,000-kilogram (44,000pound) module, named Zarya — Russian for "sunrise" — is designed to provide communications, power and steering for a second component that is scheduled to be boosted into orbit in two weeks in Florida.

It took just 30 seconds for Zarya,

See ORBIT, Page 4

The first stage of the international space station, a propulsion and power unit called Zarya, launched successfully Friday, is to be followed on Dec. 3 by a hub unit called Unity.

359 feet

Unity (Node 1) Built by Boeing Acts as a lunctura point for such critical station the habitation module



Docking port

Measuring up small part of the completed station, which will take five years, thousands of people in 16 countries and an estimated \$40 billion to build By far the largest man-made object ever placed

in Earth's orbit, it will cover the area of two 108 feet

Weapons Sales Rekindle China-Russia Relations

By John Pomfret

ZHUHAI, China - The scene at the Sukhor aircraft company's busting of-fic at the Zhuhai air show this west animoded a Russian weapons engineer of the "old days," when China and Russia walked sogether on the road

in a small room, a Chinese delegation negotiated with officials from the acrospace company. Russian officials said the Chinese were interested in adding the Su-30. Sukhoi's fighter bomber, to their assenal, which already includes Russian fighters, submarines and anti-aincraft batteries. In addition, the Chinese plan to buy a state of the

i mo ship missile Then, China and Russia were allies," stid Vadimir Konobov, the designer of one of Russia's top fighters, the Su-37. Perhaps that day will come again.

Fifty years ago, a shared ideology brought China and Russia together in a revolutionary embrace before that relationship degenerated into recriminations and border skirmizhes in the 1960s. Today, Chinese cash and a common concern about the United States' domination of world affairs are fueling a renaissance between the two giants. On Sunday, President Jiang Zemin

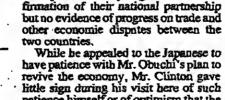
Newsstand Prices 1,000 BD Matta _C € 1.00 Nigeria _ 12600 Naira 17 DN Oman 1,250 OR 12,00 FM Cater 10,00 QF Great Bettain, LK £1.00 Sciudi Arabin 10 SR EE 5.50 S. Atrica R16 incl VAT 1250 D UAE 10.00 Dh 700 File Zimbaban Zim \$10.00

will travel to Russia for the sixth summit meeting between Russia and China and the first informal "no-necktie" meeting between Mr. Jiang and Boris Yeltsin, the ailing Russian president. Mr. Fiang will meet the Russian prime minister. Yevgeni Primakov, as well. Mr. Jiang is expected to offer Russia food as well as cash to aid Russia's ailing economy,

Chinese sources said. Russia's ambassador to Beijing, Igor Rogachev, told the official Xinhua press agency last week that the trip was a sign that decades of hostility between Russia and China had given way to a powerful "strategic partnership," that aims at forging a "new order" to challenge U.S. domination of the world arena.

China has backed Russia's stance supporting Yugoslavia's president, Slobodan Milosevic, on Kosovo and echoed Moscow's calls for a peaceful

See ALLIES, Page 4



patience himself or of optimism that the plan would be enough. "Sometimes when you have to turn a country around, it takes more than you

President Bill Clinton responding

to a question in Tokyo on Friday

about charges by Kenneth Starr.

Clinton Makes

In Tokyo Talks

By James Bennet

New York Times Service

TOKYO - President Bill Clinton

and Prime Minister Keizo Obuchi of

Japan ended two days of talk and cer-

emony here Friday night with an af-

No Progress

think in the beginning," Mr. Clinton said, standing beside Mr. Obuchi. In their meetings, the two leaders devoted about 45 minutes Friday to security matters, including what Mr. Clin-ton in his public remarks called "dis-

turbing signs" in North Korea.
[In Washington, Secretary of State Madeleine Albright said Friday that the United States continued to have serious problems with North Korea'a missile program and that relations with Pyongyang were at a "critical juncture." Reu-

ters reported. ["We have ongoing serious concerns about the North Korean missile prograin," Mrs. Albright said. "We have insisted" that North Korea. "cease its long-range missile development, production and export program and we are at a critical juncture in our relations with

Pyongyang." Page 5.] Under pressure from the United States, Mr. Obuchi announced on Mon-

See CLINTON, Page 15

The Polish Powerhouse

Amid Turmoil in Europe's Emerging Markets, Poland Generates Economic Energy From West

By Peter Finn

OSTROW MAZOWIECKA, Poland With \$20 million in annual sales in Russia, Maciej Formanowicz, chairman of the Forte furniture company here, knew his business would take a hit once economic turmoil began to engulf Poland's neighbor to the east. In fact, Forte bas lost \$16 million in expected 1998

sales to Russia. Strangely, bowever, Mr. Formanowicz sees the Russian financial crisis, and its effect on his company, as a kind of vindication.

'We made the strategic decision that the future lay in Western Europe," Mr. Formanowicz said. "In some ways we could have sold much more in Russia. and the profits were lavish. But we deliberately limited sales there to 20 percent. And what we have lost in Russia we will gain back in Europe in 12 months. We were prepared."

In miniature, Forte's resilience is also Poland's. With a vibrant, entrepreneurial class,

a domestic economy of 39 million

term foreign investment, Poland has become the economic powerhouse of Central and Eastern Europe.

Poland is a very different animal, not only to Russia but to most of the

people and billions of dollars in long-

countries of the former Soviet bloc," said Marcin Hejka, head of an economic consulting firm in Warsaw. "I don't think anyone can doubt that anymore.'

The latest Russian crisis, like an unexpected thunderclap, sbook Poland's young free market. Panicked foreign investors withdrew \$1 billion in shortterm capital in the stampede out of every emerging market. The Warsaw stock exchange lost 30 percent of its value, and the coming privatization of huge state enterprises, such as Poland's phone system, was thrown into doubt. At individual companies, such as Forte, management had to quickly redirect sales staffs to find new markets to the west. But in the backwash, other, deeper

Exporters are hurting, but not badly; only 8 percent of Poland's exports go to

See POLAND, Page 15

New at Marks & Spencer: Jewish-Arab Détente

By Tom Buerkle tional Herold Tribune

LONDON - The nine management trainees at Marks & Spencer PLC are like any other aspiring business students: young, ambitious and eager to acquire the skills, experience and contacts that form

the foundation of a successful career. But there is one key difference that sets them apart: The trainees are a mixed group of Jewish and Arab Israelis, and their presence here is an attempt to use business to build bridges across ethnic and religious

For Avivit Peretz, a 26-year-old from Tel Aviv who works for a maker of computer-based teaching products, the three-month training program here provided her first real interaction with Arab Israelis.

'I like the idea of Jews and Arabs together learn-

For others, the program allowed them to build on their own experience of working in a mixed environment. Ihab Kashow, an Arab with accounting and business degrees, runs a small-business consultancy with a Jewish partner and lectures at the Center for Jewish-Arab Economic Development in Israel. Avner Shevach runs a bakery in the mixed village of Ramallah. "I'm used to trading with Arabs," he said. "It's

not difficult for me to understand their problems."

Whatever their background, all of the participants were attracted by the opportunity to spend three months in London and gain experience inside one of Enrope's largest retailers.

"We never, as Arabs, touch the high-level side business in Israel, international business," said Nazieh Abu Moch, who manages a familyowned advertising and photography business back bome. "To feel a part of this big organization, Marks & Spencer, it's a wonderful feeling."

The program, the first of its kind, is sponsored by the company, the Center for Jewish-Arab Economic Development and the New Israel Fund, a Washington-based foundation that promotes economic development and Jewish-Arab equality.

For several members of the group, who spoke here prior to their return to Israel this week, the program gave them new insights into the ways of business as well as the challenges awaiting them at home.

Each trainee spent three months attached to a specific department, getting hands-on experience incrafting marketing strategies and developing relationships with suppliers.

See TRAINEES, Page 4

human resources of a major European company and the relatively formal atmosphere, even if British

They were impressed by the vast financial and

AGENDA

U.S. States Accept Tobacco Payment

NEW YORK (Reuters) - U.S. states unanimously agreed on Fri-day to a sweeping \$206 billion resolution of tobacco health claims. and cigarette makers said they would approve the deal. The attorney general of the state of Washington, Christine Gregoire.

lead negotiator for the states, announced the agreements

The settlement with U.S. tobacco companies and Liggett, a unit of Brooke Group, will cover all 46 states that have reimbursement claims as well as those that have not sued. Four states have settled suits against cigarette makers. The states sought to recover the Medicaid costs of smokers who become ill.

The companies also agreed to pay \$1.45 billion over five years to fund anti-smoking campaigns and \$250 million over 10 years to create a public health foundation to reduce teenage smoking. Advertising and marketing restrictions are included.

	The Dollar	
New York	Fooday & 4 P.M.	previous close
DM	1.6924	1.6859
Yen	120.38	119.6
FF	5.6755	5.6555
Pound Dollars per pound	1.6565	1.6655
	The Dow	
	Friday close	percent change
+ 103.50	9,159.55	+ 1,14%
	S&P 500	
當		
+ 10.94	1,163.55	+ 0.95%
	Nasdag	
1		
+ 8.53	1,928.21	+ 0.445%
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Sports	P	ages 20-21.

Page 14.

The Intermarket

Arms Experts Detail Saddam's Network of Supply and Evasion

By Barbara Crossette

UNITED NATIONS, New York ---Saddam Hussein's government is using an outside network of front companies and smugglers to supply centers around Iraq with parts for illegal weapons systems, according to arms control experts.
They added that Iraq has also made efforts to produce some components

🗸 abroad. The well-disguised centers in Iraq are not considered likely to be accessible to United Nations arms inspectors now

back in the country. Experts say that evidence may be fragmentary, but that as Mr. Saddam and those who watch him shift their focus to traq's ability to rearm it is apparent that fraq has access to vital components - ready-made or built to

specifications — for weapons systems. Khidhir Hamza, the former director of Iraq's program to devise a nuclear weapon who defected in 1994, said in an

Massimo D'Alema, had already said

Italy would not hand over Mr. Ocalan to

Turkey, citing an Italian law that pro-

hibits extradition to countries that have

the death penalty, the court ruling and the easing of Mr. Ocalan's detention

infuriated Turkish officials. Ankara

views Mr. Ocalan, leader of the Kur-

distan Workers' Party, as a terrorist.

After hearing the court's ruling. Prim: Minister Mesut Yilmaz of Turkey

said: Italy is attempting to make peace with terrorism. It faces the danger of

mistake after mistake." he added.

very heavy price."
The Turkish defense minister, Ismet

Sezgin, told Reuters television Friday

that Ankara may reconsider defense in-

dustry projects with Italy as a result.

Italy's Finmeccanica was a strong fa-

vorite to, win a contract to build attack

Taleban Court Declares

Agence France-Presse

said Friday that Osama bin Laden was innocent of all terrorist charges and that

the Saudi exile would remain a welcome

Abdul Hai Mutmayan, a Talehan spokesman, said the militia's Supreme

Court had cleared Mr. bin Laden of U.S.

allegations that he was responsible for

The court had set a Nov. 20 deadline

for Washington to provide evidence in

support of its charges. Because no such

evidence was provided. Mr. bin Laden

has been cleared, Mr. Muttmayan said.

the Aug. 7 bombings of two U.S. em-

guest in Afghanistan.

bassies in East Africa.

KABUL — The Taleban authorities

Bin Laden Innocent

"Every mistake will certainly have a

The Italian government is making

earning Turkey's eternal hostility.

interview this week that in the nuclear area there was "general planning for removal outside Iraq of some sensitive work or possibly work that requires

some imports. 'The idea is to do it outside and hring the thing back home," he said of Iraqi plans either to produce nuclear com-ponents abroad, among them devices to rigger nuclear reactions in warheads, or import crucial parts to make arms in

Iraq.
Mr. Hamza, who arrived in the United States in 1995, said that at the time he left lraq a friend of his was importing electronic parts for the military from a front company in Jordan that bought the equipment in Malaysia and Singapore.

'There are hundreds of these companies in Jordan," he said. "They have a whole system of runners in ordinary cars." He said that Iraq repaired its radar after the Gulf War in 1991 by

smuggling in parts. Mr. Hamza and others say that there

lomatic situation, and foreign diplomats

in Rome suspect Italy will postpone any

an Interior Ministry considers Mr.

Ocalan's application, the Kurdish lead-

er will have to stay under house arrest in

Rome and check in regularly with the

Mr. D'Alema, who complained this

week about the lack of support from

other European nations, may seek it next

week when he is expected to travel to Brussels, Paris and Bonn for bilateral

said that Mr. Ocalan would have to

remain in Italian custody pending an

arrest warrant from Germany, But Ger-

many, which issued a warrant for Mr.

Ocalan's arrest on homicide charges in

1990, said Friday that it would oot press

Italy for his extradition at this time.

Germany, which is home to 2 million

Turks - a quarter of whom are ethnic

Kurds - seems reluctant to create fresh

tensions in Germany by bringing Mr.

■ Rights Group Praises Ankara

Amnesty international said Friday

that Turkey's human rights record had

showo signs of improvement since last

year, Reuters reported from Istanbul.

Amnesty told an Istanbul rights con-

ference that last year's provisioo short-

ening detention periods initiated a move

toward ending Turkish rights abuses, many of which are linked to the sep-

aratist conflict in the mainly Kurdish

bit of a turning point for human rights in Turkey," said Jonathan Sugden, Am-nesty's Turkey researcher. "Since that

time we have seen, simply on a sta-

tistical basis, what looks like a new

"I think we do see March 1997 as a

The Court of Appeals originally had

law enforcement authorities.

meetings with his counterparts.

While a commission within the Itali-

such decision for as long as possible.

are from companies as far afield as Southeast Asia and overseas bank accounts from the Gulf region to Latin America to pay for purchases. Smug-glers pack valuable pieces in personal luggage. Circuit boards in foam-padded bags cross the border from Jordan for a small bribe, perhaps a bottle of whiskey, he said. Plastic bags stuffed with goods are stored in the empty tanks of re-

turning oil trucks. At the Center for Strategic and International Studies in Washington, Anthony Cordesman, a co-director and an expert oo the Middle East, said that far more material was stringgled in on trucks through Turkey, where a more porous border than the ooe with Jordan abuts the semiautonomous Kurdish region of northern Iraq. Imports are scattered around the country to a oet-work of small centers working to reconstitute arms

The centers are protected by Mr. Saddam's most trusted security forces. "It's scattered throughout the coun-

try," Mr. Cordesman said. 'Not only you have small centers and duplicative efforts, but you have groups that are now dedicated to using civilian covers to hide and maneuver what they have left around."

Iraq has tried in the past to put private civilian property off-limits to the UN Special Commission of arms inspectors, known as Unscom. Friendly governments help when Mr. Saddam needs offshore research or per-

haps productioo centers, Iraqi exiles and some U.S. experts say, although they disagree about the importance of projects in such countries as Yemen, Sudan Libya and Jordan.

Nuclear experts were recently sur-prised to learn that the director-general of Iraq's ouclear research center, which Baghdad insists is not developing arms, has been visiting India's leading nuclear research laboratory. The previously un-reported presence of the Iraqi, Abdulkadir Abdulrahman Ahmed, was discovered when a computer hacker got into the Indian center's files, Mr. Hamza

He said that over the years Iraq had ourtured a "deep and multilayered co-operation" with India that appeared to have cooled in recent years. "But it

seems to be back now. Charles Duelfer, deputy executive chairman of Unscom, said that vigilance by the commission and the cooperation of countries dealing with Iraq, or through which Iraqis may be shipping goods, was essential.

"Offshore work is more difficult to investigate," Mr. Duelfer said. "We have seen what happened in the past. Iraq set up front companies in the 1980s and it is reasonable to suspect a continuation. tinuation.

■ No Day Off for Inspectors :

UN weapons teams went into the field for the third consecutive day on Friday, usually a day of rest in the Muslim world. The Associated Press reported from Baghdad.

BRIEFLY

Ireland Council Closer to Start-Up

DUBLIN - Leaders of the Irish Republic and the new Northern Ireland Assembly said Friday that they had made significant progress to-ward establishing a council that would give the overwhelmingly Roman Catholic Irish Republic more influence in the affairs of the

predominantly Protestant British province of Ulster.

The council would have both northern and southern Irish officials cooperating in such matters as tourism, agriculture and economic development.

Le Pen to Appeal Assault Conviction

SAINT-CLOUD, France Jean-Marie Le Pen, leader of the National Front party, said Friday he would appeal his assault conviction, a move that would suspend a one-year political ban while it is under appeal and allow him to run in European parliamentary elec-tions in June.

"I will be at the head of the list in European elections, Mr. Le Pen said at a news conference. He added that he would also head the list for the French presidential elections in 2002. (AP)

Germans Keep Eye On Scientologists

BONN — Germany decided Friday to keep the Church of Scientology under surveillance by domestic intelligence agents, prompting fresh charges of religious discrim-ination by the U.S.-based church.

A probe by German officials has determined that Scientology remains a potential threat to democracy, said Walter Zuber, who led a meeting of interior ministers of Germany's 16 states that made the decision.

Sabine Weber, a Scientology representative in Germany, threatened a wave of lawsuits against the spy authorities. (AP)

POLITICA

Italy Court Denies Request To Extradite Kurdish Chief helicopters for the Turkish military. By Alessandra Stanley Turkey has begun unofficial boycotts New York Times Service of Italian goods, and public demon-ROME — An Italian court of appeals strations in Ankara and Istanhul have included protesters hurning Italian-made silk ties to illustrate their point. on Friday rejected Turkey's request for the extradition of the Kurdish rebel leader Abdullah Ocalan, deepening ten-Turkey is particularly upset because Mr. D'Alema has not ruled out granting sions between Ankara and Rome. Mr. Ocalan, who was arrested last Mr. Ocalan political asylum, The United States, which requested that Italy extradite Mr. Ocalan to Turkey, week while seeking to enter Italy, was to be released from detention in a military also has expressed its oppositioo to bospital and put under house arrest political asylum for the Kurdish leader. If Italy were to grant political asylum, it would inflame an already tense dipwhile Italy considers his request for political asylum. Though the Italian prime minister,

An ethnic Albanian repairing the roof of his house Friday in the heavily damaged village of Lansa, near Srbica, in Kosovo, Heavy snow forced the rerouting of aid convoys in the western part of the province.

Kosovo Truce Faltering, NATO Warns

By Tim Weiner New York Times Service

WASHINGTON --- As deadly tension appears to be building again in Kosovo, where 385,000 civilians remain uprooted, NATO officials have warned that a shaky cease-fire might

An unarmed international force intended to monitor the cease-fire is the Kosovo Liberation Army were banian refugees. weeks, pernaps mooms, from shape, and on Thursday the UN Security Council urged its speedy de-

The supreme NATO commander, General Wesley Clark, has said that Serbian security forces and armed Kosovo rebels have a window of a few mooths to begin serious talks. If of provocation and response." they do not, the killing will resume, the general warned, adding that both sides appear ready to do battle.

Since 1989, when the Serbian authorities in Belgrade revoked the autonomous status for the province of Kosovo, the ethnic Albanian people Kosovo. have been asking for greater independence from Serbia. But their efforts

have met violence and repression. The repression erupted in killing, roadhlocks are being erected, and still

burning and looting this year, as Serbian security forces rampaged from village to village.

An armed resistance of ethnic Albanians, calling itself the Kosovo Liberation Army, has fought back, killing and capturing Serbian forces.

Officials of the North Atlantic Liberation Army, has fought back, killing and capturing Serbian forces. Officials of the North Atlantic Treaty Organization said Thursday

that both Serbian security forces and

responsible for a snarp tensions in recent weeks. President Slobodan Milosevic of Yngoslavia agreed to the cease-fire last month under the threat of NATO bombing. But the alliance statement said that incidents of violence since

then "risk creating a dangerous cycle If the violence continues, NATO warned, it "could destabilize the ccase-fire, reverse the recent improvement in the humanitarian situation" and disrupt plans for an international monitoring force in

That may have already occurred. "The cease-fire is being breached on a daily basis, intimidation continues.

resolutions, in particular the with-drawal of Serbian troops from

but it is unclear how that force could accomplish anything beyond reporting acts of violence by the 25,000 or so Serbian soldiers and security forces in the region and the smaller Kosovo Liberation Army. Attempts to reach a political set-

tlement have been going nowhere. NATO has succeeded only in "dampening and containing the crisis," General Clark told the NATO parliamentary assembly last week.

"At this very time," he said "both the KLA and the Serbs are rearming and preparing for confrontation again. If even more destructive fighting is not to occur we must turn off the.

engines driving this conflict." General Clark said the talks had a window of two to four months.

TRAVEL UPDATE

Tokyo Subway: Best Ride

PARIS (AP) — A ride on the London Underground beats out Paris and New York, but a new report has found that the best ride in the four major cities studied is on the Tokyo subway.
The Four World Cities Transport Study report

by the London Research Center, released in Paris, compared the public transport systems in Kosovo and the return of ethnic Al- Tokyo, New York, London and Paris, The report's index of service quality that assesses frequency and punctuality found Tokyo on top, followed by London, New York and Paris. The report also showed that Tokyo was the only system to offer consistently excellent service on

> French rail traffic is likely to be paralyzed across the country on Nov. 27, and possibly in the days following, because of strike calls issued by trade unions Friday. (AFP)

> all trains, with a perfect 100 percent record for

punctuality during peak hours.

Paris's Musee d'Orsay art museum was buing reopened to the public Friday after a 10-day strike by disgruntled staff. Museum guards and reception staff walked off the job Nov. 10, demanding extra pay and time off to compensate for what they described as an excessive workload caused by the success of the current Van Gogh-Millet exhibition.

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Cyprus Charges 2 Israelis as Spies public and passed this infor- nomou sided with prosecu-LARNACA, Cyprus -

Cyprus formally charged two Israeli oationals Friday with spying for an unnamed foreign country on the militarily divided eastern Mediter-In a case that has strained

Southeast.

relations between Cyprus and Israel, the authorities brought charges of spying, conspiracy to spy and possession of hanned listening equipment against Udi Hargov, 37, and Igal Damary, 49.
"With the intent of harm-

ing the safety or the interests of the Cyprus Republic, the accused collected information on the defense of the re-

mation on to a foreign country," an investigating of-ficer told a court in the southern port of Larnaca.

The court rejected a formal

request by the government of Israel that the two be released on bail and into the custody of the Israeli Embassy in Nicosia until their trial Dec. 8. Defense lawyers had hrought the Israeli Embassy

consul, Michel Harel, to vouch for the two suspects. "As a representative of the Israeli Embassy and the state of Israel, we undertake the obligation that the two sus-

pects appear in the court whenever requested," Mr. Harel told the court. The request was hotly con- of 10 years in prison. tested by public prosecutors, who said the accused could

take flight. Mr. Harel said the Israeli Embassy routinely made such requests in other countries when we believe the susoects are innocent. But Judge Tefkros Eco'Under the circumstances

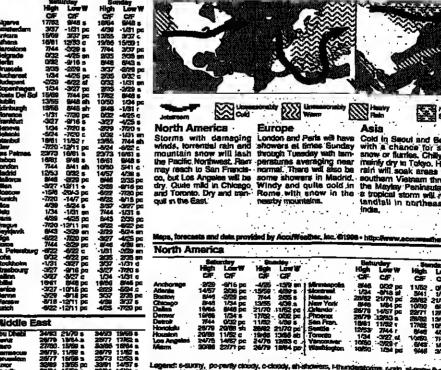
and with all respect to the consul of Israel and his good intent, the purpose can be secured only through detention by Cyprus authorities," he

Israel has denied that the two men were working against Cyprus or for Turkey, which invaded northern Cyprus in 1974 after a brief Greek-inspired coup.

The two suspects were ar-rested at a village on the island's southern coast on Nov. 7 after reports of suspected Israeli activity in the area. Under Cyprus law, spying carries a maximum sentence

The two suspects were oot ohliged to answer the charges, which were translated to them in Hebrew from Greek hy an interpreter. Standing at the dock in court, they simply nodded when asked if they understood the

WEATHER



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Starr Helps Himself, but Not Case

Measured, Professional Testimony Gives Impeachment Drive Little Lift

By Jill Abramson New York Times Service

WASHINGTON - Kenneth Starr's testimony before the House Judiciary Committee's impeachment hearings had two purposes: to restore his once shiny professional reputation and to revive an impeachment inquiry that has lost momentum. On his reputation, he probably did himself some good. On impeachment there were few signs that he moved anyone.

Personally, Mr. Starr, the independ-

By Rick Lyman

New York Times Service

HOUSTON - Glenn Cartwright

stood before the cash register with his

lips pursed, unable to decide between a

Lightning Hopkins and a Clifton Chen-

ier compact disk, but be was certain of

one thing: When he got home, he was not

going to turn the House Judiciary Com-

mittee's impeachment hearing back on.

ing, but it was all the same stuff we'd heard before," said Mr. Cartwright, 27, a graduate student in Houston. "It was

like a remake of a movie you didn't like in the first place. I'd rather watch an

infomercial about a new mop."

F. Perhaps it was because the hearing

Sk place on a weekday, when the children were in school and most of the

country was going about its hectic busi-

ness. Perhaps it was because it was intruding into the realm of afternoon

talk shows and soap operas. But there

were further signs Thursday that the long-running Monica Lewinsky televi-

sion series was continuing to lose its

thing," said Deborah Shely, 35, a legal secretary in Miami. "I just think it

Kenneth Kirby, a banker, said that he

had missed the opening of the hearing

because he had been on an airplane to

Miami and that it did not come up at all

when he and several colleagues had

lunch together. "I think the public has

lost interest," Mr. Kirby said.

Tim just bored with the whole

grip on the American imagination.

"I watched it for a while this morn-

Hearing on Impeachment

Fails to Rivet TV Viewers

ent counsel, had the opportunity to re- Thursday evening with David Kendall, persuasive solicitor general with sterig legal credentials.

For most of the hearing Thursday, Mr. Starr went out of his way to speak in lawyerly, measured tones. His dignified demean-ANALYSIS or, which at times bordered on the pedantic, recalled the days when he argued the government's cases before the Supreme Court in a cntaway coat. Even in a forceful exchange late

traffic on a Los Angeles freeway, sip-

prosecutor, Kenneth Starr, delivering his testimooy, alternately bolstered by

Republicans on the committee and

hectored by Democrats, did not seem to

do much to change the minds of the

testimooy-weary members of this par-

ticular out-of-focus group. "I'm not in-terested," said Linda Holmquist, 5g, of Los Angeles. "I have a life."

conclusion that President Bill Clinton

should be impeached said that Mr.

Starr's arguments had strengthened that opinion. "I liked Ken Starr, I liked his

demeanor," said Sean Elias, 22, a Uni-

versity of Miami business student.

"He's just trying to do his job. He doesn't have anything against the president agreement."

Those who had already pnt Mr. Starr

in the role of the villain also found their

judgment reinforced. "He's alimy," said Kerry Hardin, 39, of La Crescenta,

California. "He definitely has an

agenda. He's out to get the president."
Some said they had been pleasantly

surprised by the reasoned tone and ap-

parent thoroughness of Mr. Starr's testi-

mony. But just as many said they had

not watched, having made a decision to

in the presideot's personal life," said

"I don't really take too much interest

tune the whole thing out.

ident personally.

Several who had already come to the

deem the prestige he once enjoyed as a the president's private lawyer, Mr. Starr raised his voice only to rebut charges that his office had illegally leaked grand jury material or mistreated witnesses. His delivery was more vigorous, but his words still rolled out as if they were from an appellate brief. This Ken Starr was strikingly at odds

with the caricature the White House and its allies have drawn of an overzealous, sex-obsessed prosecutor. Nor did he seem to fit the description burled at him by Representative John Conyers of Michigan, the ranking Democrat on the Judiciary Committee, in the opening minutes of the hearing. Mr. Conyers lambasted Mr. Starr as the "federally paid sex policeman spending millions of dollars to trap an unfaithful spouse." Before the hearing, Mr. Starr had

maintained a subdued silence. "Second to Monica, he's been the unheard voice in all of this," said Bradford Berenson, a Washington lawyer who is acquainted with the independent ping a glass of wine at a sidewalk café in Houston, sitting at home, ill, in New York City, people voiced sentiments that were pretty much the same: Enough already. And the spectacle of the special

Mr. Berenson, and other friends, said Mr. Starr had looked forward to the bearing as a "liberating" moment, a chance to introduce himself to the public and counter what he viewed as an unfair White House campaign to de-

Mr. Starr's personal chore of restoring his professional image was difficult enough, but the goal set for him by committee Republicans was even harder. They had hoped that his testimony would provide fresh grounds and new energy to drive President Bill Clinton from from the fresh and her the fresh and he too from office. In this mission, Mr. Starr seems to have failed. His testimony offered no new evidence of impeachable offenses by the president and even exonerated him on issues that some Republicans had hoped to pursue, such as the firings of White House travel office employees and the misuse of FBI files of government employees.

His loog-awaited testimooy lacked the electric impact of star witnesses at past congressional hearings. John Dean, Oliver North and Clarence Thomas were able to shape the public mood with their testimony.

Unlike Mr. North, who arrived in uniform and talked in macho terms about "being the fall guy" in the Irancontra scandal, Mr. Starr talked about Nexis searches and his "primary factual investigation." There were no dramatic phrases, such as Mr. Thomas's memorable accusation in his Supreme Court confirmation hearing that the Senate was Starr's grand jury last summer.



Clinton's personal attorney, listening to Kenneth Starr's testimony before the House Judiciary Committee.

conducting "a high-tech lynching." Ken doesn't talk in sound hites." said Barbara Olson, a friend and former

prosecutor. At times, Mr. Starr gave rambling answers that appeared evasive and made for less than riveting television. At other points, he offered a stirring defense, denying any personal vendetta against the president

Mr. Starr said he would prefer to be back in private life, but added, "My duty is to do my duty.

The prosecutor did try to lay ont, as clearly and compellingly as possible, the evidence and factual basis for his legal findings against the president. He also tried to blunt criticism that his impeachment report oo the Monica Lewinsky matter, which he sent to Congress on Sept. 9, was too graphic, too focused on sex.

He was at least partly successful. He spent two hours offering a highly detailed account of the evidence his investigation has uncovered, shifting the emphasis from sex to lying. In the Paula Jones sexual misconduct lawsuit, Mr. Starr said his evidence suggested that Mr. Clinton had been deliberately evasive in his testimony in the lawsuit and before Mr.

Mr. Starr also outlined evidence of stonewalling and evasion in other branches of his investigation, incloding the Whitewater matter and purported efforts by the president's allies to win the silence of Webster Hubbell, the former Justice Department official, by helping him get lucrative retainers after he was forced to resign in disgrace.
Last week, Mr. Starr indicted Mr.
Hubbell for a third time, and Henry Hyde,

the Judiciary Committee chairman, has indicated that the committee will investigate the Hubbell matter further.

Bot the evidence Mr. Starr recited did oot do much to move his case beyond perjury, and even some Republicans on the committee seemed unconvinced that the president's unsuccessful citing of executive privilege or attorney-clieot privilege amounted to an abuse of

As for presenting himself to the public in a more favorable light, Mr. Starr had on where to go but up. He went into the hearing Thursday with an 18 percent public approval rating, according to a national poll taken a few days ago by CBS News. In the face of anacks from the White House and leading Democrats, Mr. Starr has maintained a stoic silence. Ken felt he had to make a deliherate

choice, oot to engage in the public de-bate," said Terrence Adamson, a Democratic lawyer who has been a friend of Mr. Starr's for almost 30 years. 'It might not be the right political decision, but it was the right professional

Yet at times in the long day of testimony, Mr. Starr, whose career has been rooted in the decorum of the law, found himself the unlikely star performer in a political rumble.

As he sat down to begin his testimony, he was greeted by Democrats scrapping with Mr. Hyde over how much time Mr. Kendall shoold be granted to question the prosecutor. As Democrats hurled loaded words such as 'gagged'' at Mr. Hyde, Mr. Start sat unhlinking, looking slightly out of

Toward the end of his two-hour opening statement, the prosecutor, who once considered a hid for the Republican Senate nomination in Virginia, said that he was oot suited for the political high

"I am not a man of politics, of public relations or polls, which I suppose is patently obvious by now," he said. "I am not experienced in political cam-

Vanessa Creech, 27, a computer tech-Waiting for a bus in Denver, stuck in

POLITICAL NOTES

Collaboration Missing In Social Security Talks

WASHINGTON - President Bill Clinton vows he wants to work with Republicans to make 1999 the year the government forges a lasting solution to the sional Republican leaders say they want the

Bot for all the pledges of collaboration, the tone was decidedly hostile Thursday at the first legislative hearing since the midterm elections to consider what is likely to emerge as one of the central social policy issues of the coming year.

The chairman of the House Ways and

Means Committee, Representative Bill Archer, Republican of Texas, scolded the administration, contending that the White House will subvert the chance to safeguard the nation's vast retirement system unless it sets forth a rescue plan sooo.
"If President Clinton believes he can get

this done without his leadership or without a specific plan, he may be making the higgest miscalculation of his presidency," said Mr. Archer, whose committee oversees Social Security.

But David Wilcox, the Treasury Department's assistant secretary for economic policy, avoided any such commitment. Deflecting two hours of grilling, Mr. Wilcox clung to the White House's position that it is too early to decide either how the pro-gram should be changed or the best way to proceed. He said Mr. Clinton would coninue to assess whether "proposing a spefic plan would help move the process

The partisan jockeying reflects the

stakes - and the sensitivity - in trying to revise an enormously popular social program that faces insolvency as baby boomers start to retire early in the next century. With the number of retirees growing while the pool of workers supporting them diminishes, the trust fund is expected to become depleted by 2032.

Gingrich Sets His Price

WASHINGTON - Now that he's on his way ont of Congress, Representative Newt Gingrich, Republican of Georgia, wants to be paid \$50,000-plus for a speech and an hour's worth of his thinking.

A memorandum from the Washington

Speakers Bureau sent receotly to corporations and trade associations says:

"In addition to his speech, Mr. Gingrich, a man of ideas, is willing to meet for one hour - either in Atlanta or once on site - to exchange views with your CEO, organization president or board of directors.

The memo does not give a price tag, but one association executive who checked it out said he was toid the cost to a was \$50,000 plus three first-class plane (WP) out said he was told the cost for a speech

Quote/Unquote

Sam Dash, the former Senate Watergate counsel, when he resigned as Kenneth Starr's ethics adviser to protest the independent counsel's decision to testify in House impeachment hearings against Mr. Clinton: "You have violated your obligations under the independent counsel stat-ute and have unlawfully intruded on the power of impeachment.

By James Steingold New York Times Service

ula, 70, a director of many and celebrated films includfreak accident oo the Long Island Expressway.
Mr. Pakula was killed when

fence, the police said.

Mr. Pakula was on his way to his home in East Hampton time of Franklin and Eleanor Roosevelt, his family said.

Alan Pakula, Film Director, Dies in Accident

NEW YORK - Alan Pak- to as an actor's director.

a metal pipe smashed through the windshield of his station wagon and struck him in the head, a spokesman for the Suffolk County police said. Mr. Pakula's car swerved across a service road and hit a

The police do not know where the 7-foot-long (2-meter-long) pipe came from, the spokesman said, but believe that it was already in the roadway when another car gave it a glancing blow, sending it through Mr. Pakula's wind-

to work on his next screenplay,
'No Ordinary Time,' about
the White House during the

He produced or directed more than 20 movies in his career, many of them richly praised, but they had a knack for winning accolades more

for his actors than for himself. stormented Nazi concentration for me to make a total fool of porter for The New York That was one of the reasons camp survivor in "Sophie's myself."
he was occasionally referred Choice" (1982)."

Harriso

He produced "To Kill a Men," Mr. Pakula's 1976 psychologically penetrating Mockingbird" in 1962; it dramatization of how two Mr. Pakula "a natural guide cate the public on the illness. won Oscars for Gregory Peck Washington Post reporters, and the screenwriter Horton Bob Woodward and Carl the President's Men" and Foote, and it garnered three Bernstein, uncovered the Wa- kinds of movies, all of them "Klute," died Thursday in a other Academy Award nom-freak accident oo the Long inations. A 1963 film he Oscars: for the actor Jason thread connecting many of helped produce, "Love With the Proper Stranger," won three Academy Award nom-Robards, for the screenwriter

> Liza Minnelli won an Oscar nomination for her role in the first picture he directed, "The Sterile Cuckoo," in 1969. In other movies he directed, Jane Fonda won an Oscar for her starring role as a disillusioned

ula was nominated for an Oscar for "All the President's Men" and for his screenplay for "Sophie's Choice," but he never won.

"He was incredibly supportive and would give you the courage you needed," said Candice Bergen, who call girl in the moody detective thriller "Klute" (1971), starred in a 1979 comedy that and Meryl Streep won one of Mr. Pakula directed, "Start-her Oscars for her role as a ing Over." "He made it safe Robert Boorstin, a former re-

Harrison Ford, who starred the U.S. Treasury Depart-

to inner realms." Mr. Pakula made diffe them was a style that empha-William Goldman and for art sized and explored the psy-direction and sound. Mr. Pak-chology and motivations of his characters.

The first film he produced, in 1957, was "Fear Strikes Out," starring Anthony Perkins, a study of o talented but troubled baseball star whose career was thwarted by his mental illness.

Mr. Pakula's interest in such issoes was highlighted

"All the President's in Mr. Pakula's last movie, ment, spoke publicly about his den," Mr. Pakula's 1976 "The Devil's Own," called depression and sought to edn-Mr. Pakula participated in

l'imes and now an official at

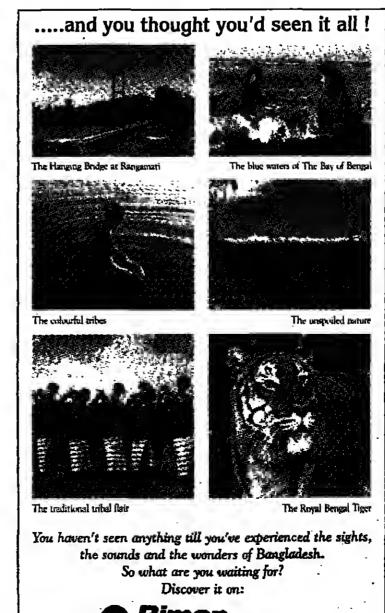
battle with the disease and the impact oo his own life. The most autohiographical film he made was "See You in the Morning," which was about a divorced man like himself, and his marriage to a widow with several children. In fact, Mr. Pakula's second marriage was to Hannah Boorstin, now Pakula, an author of his-

torical hiographies whose first

husband had died, leaving her

with three children. The man

in the film is a psychiatrist.







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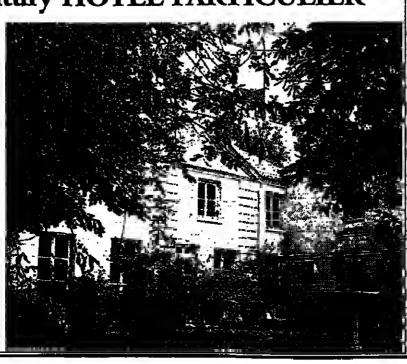
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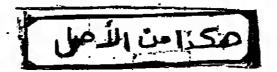
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To Palestinians, Settlers' New Roads Lead to a Dead End for West Bank

By Lee Hockstader Vashington Post Service

AL KHADR, West Bank - All her life, Halima Sheih, a Palestinian farmer in ber 60s, has worked the olive trees on her family's West Bank land, a hardscrabble plot tended also by her father, ber grandfather, her great-grandfather and his father before him. The land, she says, has belonged to her family "since God created the Earth, for millions of years.

Not for much longer. The Israeli government is expropriating swaths of Palestinian land, including some of Miss Sheih's, to build bypass roads for Jewish settlers.

The roads are part of an unintended effect of the U.S.-brokered interim peace accord, known as the Wye River Memorandum, that was signed last month at the White House. The agreement, under which Israel turns over an additional 13 percent of the West Bank to Palestinian control,

peace while lowering the political temperature in the West Bank.

As it happens, the accord has ignited fresh tensions over land in the West Bank - on hilltops where Jewish settlers rushed to stake a claim before it was too late, on the outskirts of settlements where Israeli soldiers have fortified their positions with trenches and cement bunkers, and on arable Palestinian land where Israeli bulldozers

have roared in to carve new bypass roads.
"What kind of peace is this?" asked Imad
Salim, 25, a Palestinian farmer near the Arab village of Al Khadr, just south of Jerusalem. "If peace means losing our land, what good is it?" A dozen new roads - more than 80 kilometers

(50 miles) worth in all, some up to 30 meters (100 feet) wide - will enable West Bank settlers to skirt Palestinian communities en route to other Jewish enclaves as well as to Israel proper. The government insists that the new roads are a

was meant to advance the cause of Middle East security lifeline for Jewish settlers living in West Bank communities that will become more isolated by the troop withdrawal, which will leave 40 percent of the West Bank in Palestinian hands.

"Our goal is to prevent confrontations between the two groups," said Shlomo Dror, spokesman for Israel's civil administration in the occupied terrimries.

convenience. They say the intent of the new roads, and the effect, is to strangle the natural growth of Palestinian towns and villages, to divide and control the West Bank by slicing it up and to defeat bopes for the establishment of a

Palestinian state.
"This is Israel's policy," said Abdullah Ghneim, mayor of Al Khadr, a Palestinian village hemmed in on two sides — and soon on a third— by Israeli bypass roads. "Their ultimate aim is to block an independent Palestinian state and to

The roads would do this in two ways, the Palestinians say: Because they would be impossible to cross while being used by high-speed traffic and because the Israelis prohibit buildings on each side near the roads.

The system was approved by Israel's cabinet Few Palestinians regard road-building in the — which was nudged by American pressure into salem to Hebron.

West Bank as being just about security, let alone a pullback from the West Bank it never really Israel insists tha wanted — at the same meeting in which it assented to the withdrawal. Half the roads are already under construction, and the plan is to complete all 12 by the end of a three-stage troop

withdrawal in February.
Here on the ontskirts of Al Khadr, the first Israeli bulidozers moved in last weekend, carving rights-of-way for the new roads along the vine-yards and olive groves tended by local farmers. The bulldozers, protected by dozens of Israeli

soldiers, tore 50-year-old olive trees from the

destroy any geographical continuity between ground and pulverized earth-and-stone embal ments that had demarcated property lines here for generations. When furious Palestinians threw stones at the bulldozers, the troops responded

with rubber-coated bullets and tear gas. The road they are building will connect Efrat. a Jewish settlement a mile from Al Khadr, to a main north-south highway running from Jeru-

Israel insists that it is taking pains to minimize the disruptions caused by the new roads, choosing routes, even indirect ones, that avoid privately owned and actively farmed land. If expropriation is necessary, the government says, it compensates owners for the land. Palestinians, who regard the land as not for sale, say they

refuse the payments on principle. 'I don't know how much they offer because I'm not interested;" said Ali Mousa, a farmer who expects the new bypass road to wipe out about half his vineyard. "This is Palestinian land."

MIDEAST: Israel Starts Pullout

Continued from Page 1

stretch of overgrown agricultural fields. The Israeli driver, Tsemach Takdim. operated a crane lowering new border markers - concrete cubes painted yellow and brown — to either side of the desolate byway. The soldiers accom-panying him took turns having their picture taken by the cubes.

"It's history," one said, with a shrug. Meanwhile, in Hebron, Mr. Arafat was giving his approval to the altered maps, which contained tiny changes but turned over the same amount of land: 2 percent of the West Bank to joint Palestinian-Israeli control, and 7 percent to full Palestinian control. There are 28 towns and villages, with Kabatiya the largest, in the mostly rural area: in 10, Palestinian police starions were opened Friday.

No Israeli Army bases were moved in this first redeployment, and no roads leading to and from Jewish settlements fell into Palestinian hands. Two small settlements, about 50 families each, will become enclaves surrounded by Palestinian-controlled land.

By the time the second and third withdrawals are complete, the Palestinians will have control of 40 percent of the

At the same time, at several military checkpoints between Israel and the Palestinian territories, the prisoners were sci free.

Palestinian officials were upset by the number of common criminals, rather than political prisoners, released. At the Nahal Oz checkpoint in Gaza, an Israeli police officer told reporters. "You'd better lock your cars because they're all car thieves," Reuters reported.

There were none of the customary hero's welcomes of Palestinian prisoners released by the Israelis, and many mothers of political prisoners whose sons were not released were left sobbing at the border crossings.

Jamal Abu Rab was quietly released from an Israeli jail in Mejiddo very late Thursday night, and made his way to his home in Kabatiya. A former Black Panther leader, he was one of five jailed vices who were freed by the Israelis in a last-minute concession.

Mr. Abu Rab had been imprisoned after holding an Israeli soldier hostage in what he considered a policical act. Asked over, be said, "I bope we will not be obliged to do so."

A surge of euphoria swept Kabatiya during the police parade. But there were also those who voiced doubts that life would change enough.

When we wake up tomorrow morning." said Najeeb Mohammed Abu Al Rab. 70, "will our life really be that

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CAMBRAI MEMORIES — Philippe Gorczinski, a World War I buff, beside an unearthed Mark IV tank in Flesquieres, France. Mark IVs were first used in Britain's massed tank attack at Cambrai on Nov. 20, 1917.

TRAINEES: Jewish and Arab Israelis Learn Together in London

Continued from Page 1

restraint left them sometimes unsure of their ways. "The business culture, it's something new for me, even the way you are dressed," said Mr. Abu Moch, who proudly showed off a smart black suit typical of London's West End but rarely scen in Israeli business circles. He also found the politeness of British business

dealings "amazing."
"In Israel, if a supplier is causing problems, you yell at him." Ms. Peretz said. She preferred the Marks & Spencer philosophy of building partnerships with suppliers. They know their resource is the human beings sitting here." she

said The learning continued in the evening members of the Palestinian security ser- when the group members returned to their apartments above the company's flagship Oxford Street store. They laughed about the difficulty of doing business in English all day, the challenge of making Middle Eastern food in London and the damp if his days of kidnapping Israelis were dreariness of a British autumn. In many ways, being thrown together in a foreign land showed they had more in common

"Basically, the group here is nine individuals, not five Arabs and four Israelis," Mr. Kashow said. "That's the

best thing we achieved here. We are all here together. "Ms. Peretz said. "We have an enemy - London. We're trying in bring that feeling back to

Israel, and grow flowers from it." That won't be easy. The group admitted they were not exactly represen-

tative of the broad spectrum of opinion

in Israel. And while they appeared comfortable to return as ambassadors for peace and talked of establishing a charitable organization to sponsor Jewish and Arab interaction, they acknowledged they would face an uphill battle against his-

torical mistrust and animosity. Mr. Abu Moch said he believed Jewish Israeli opinion was moving to the right and that the group's attempts to children differently, without all of the spread their cooperation would amount diseases that we have."

to little unless they were backed up by peace efforts from the government of Prime Minister Benjamin Netanyahu,

"The idea is great, but the reality is different," be said. "If you are not supported by the government efforts, you can't do a lot."

Fatin Khazin, a social worker from the Arab village of Rama, said she believed

attitudes would only change with time.

"We can't get rid of all the stereotypes, the prejudices we have internalized since we were born." ste said. 'The big:thing will be to educate our

ALLIES: China and Russia Draw Closer

Continued from Page 1

settlement of the standoff with Iraq. Chinese officials have noted publicly that Russia sides with China in its op-position to U.S. plans for a theater missile defense network in Asia.

No one expects Beijing's ties to Moscow to eclipse China's relations with the United States in importance. China's trade with Russia, for example, is only a fraction of its trade with the United States: \$4.12 billion with Russia for the first nine months of 1998 compared with more than \$60 billion with the United States. Historical distrust also bedevils the relationship, as does China's desire to play a greater role in Central Asia and Mongolia areas that Moscow regards as its turf.

Nonetheless, the emerging ties between Moscow and Beijing have raised eyebrows in Western and Asian capitals because the bulk of the relationship is. founded on Russian arms sales to the People's Liberation Army, or PLA. During the past four years; for example, arms sales from Russia to China alone accounted for roughly one-quarter of the total trade between the two countries, or \$1 billion a year. Defense experts are further concerned by Russia's apparent willingness to sell China increasingly sophisticated technologies.

China is Russia's second-biggest arms customer after India. Western defense experts say its main weapons purchases from Russia are designed not to help China fill short-term combat capability but to gain access to advanced technology. China has purchased four Kilo-class submarines, 48 Su-27 fighter jets produced by Sukhoi, along with a licensing deal to produce about 200 more in China. Beijing is believed to have ordered two Sovremenniy-class destroyers, currently

being built in St. Petersburg.

More important, Russian media reported in April that the Progress aviation firm in Arsenyev, Maritime Territory, had started production of 30 Sunburn antiship missiles for China. The Sunburn can travel at twice the speed of sound while

skimming the ocean's surface. "This one could burt us," said an official at the U.S. Defense Intelligence Agency.
China's shopping spree in Moscow comes at a time when the rest of Asia is recling from an economic crisis that has gutted arms acquisition programs across the region. This has left China, Taiwan, Singapore and, to a lesser extent, Japan as the only countries actively bolstering their arsenals. Such acquisitious have

raised concern in other Asian capitals. Thailand, for example, can only afford to deploy its newly purchased 11,485 ton aircraft carrier once a month. It has also canceled the purchase of eight U.S.-made F/A-18 fighters. Malaysia has put on hold plans to buy its first submarines and 300 helicopters for army air corps. South Korea's defense forces postponed the purchase of \$1 billion worth of U.S. arms. And Indonesia canceled 12 Russian-made Su-30K multi-role fighters and eight Mi-

17.V belicopters. Russian officials have told their Western counterparts that Russia is not supplying China with its best technology.

"The line out of the Russian Embassy

is that anyone privy to all the details of these deals is not that uncomfortable that Russia is giving away the farm," a Western diplomat in Beijing said. "Also, they have a pretty healthy contempt for the Chinese military."

Vladimir Lieutenant General Mikhailov, the vice commander of Russia's air force, said: "We are selling the Chinese very little." General Mikhailov was standing in a

plush function room of the Zhuhai Hotel, having just exchanged toasts and bear-hugs with several Chinese officials associated with the arms trade. "But if they want to buy the Su-30, we will sell it to them," be added.

Defense experts think the Su-30 fighter-bomber would mark a significant upgrade for China's air force. Richard Fisher, a specialist on the Chinese military at the conservative Heritage Foundation in Washington, said the sale to China of the Su-30 would give Beijing "the basis of a modern strike capa-

Eric McVadon, a former U.S. Navy admiral and defense attaché in Beijing, agreed that "Washington should worry about more advanced fighters and quiet diesel submarines that China might purchase from Russia."

He added: "However, we should keep all this in perspective. China can use these things to make our lives more miserable in a future Taiwan crisis. Nevinjection in a state prison, a prison eriheless, these purchases will not allow spokesman said. John Thomas Noland, the PLA to surmount all its shortcomings. 50, spens the past 16 years on death row and become a power able to threaten appealing his death sentence, but the American power in Asia. The PLA is Supreme Court refused to review his case coming from a position of truly ex-

Away From Politics

The former au pair Louise Woodward must pay damages for the death of 8-month-old Matthew Eappen, a federal to get himself arrested and to make his judge in Boston ruled and set a January case a trial balloon." The doctor, whose trial date to decide the amount. U.S. license to practice medicine has been District Judge William Young refused to revoked in his borne state of Michigan set aside a default judgment against Ms. and in California, has in the past decade

A videotape provided by Dr. Jack Kevorkian, showing the doctor admin- corrected spina bifida in a 23-week-old istering a fatal injection to a patient who then dies on carnera, is scheduled to be be born with normal leg movements. In a

STARR: Ex-Watergate Counsel Quits Team to Protest 'Aggressive' Push for Impeachment

spokesman for "60 Minutes," said Dr. Kevorkian was "trying to raise an issue. Woodward in a civil wrongful death made himself synonymous with the is-(AP) sue of physician-assisted suicide. (NYT)

Surgeons have reported that they fetus in the womb, allowing the baby to broadcast by the CBS newsmagazine letter published in the Lancet medical last month and Governor James Hunt traordinary backwardness and obsoles'60 Minutes.' Kevin Tedesco, a journal, doctors from Children's Hosrejected a plea for elemency. (Reuters)

pital of Philadelphia and the University of Pennsylvania said repairing the condition early can prevent nerve damage. Many children born with the condition are paraplegic.

A North Carolina man convicted of killing his estranged wife's father and sister in 1982 was executed by lethal



Sam Dash, the former chief counsel to the Senate Watergate Committee.

no case remotely similar to this in terms of

the massive leaking from the prosecutor's

Thursday as "explaining," not advocat-

Representatives under a law inspired by the Watergate affair, Mr. Starr said he was he had done the proper thing in accepting the Judiciary Committee invitation. Mr. Starr described his appearance there

Continued from Page 1

ing. "Reasonable minds can differ." he said, over interpretation of the independent counsel law. "But I lived up to my nuty as Mr. Dash, however, helped draft the in-

dependent counsel statute. As an arbiter of professional conduct for the American Bar Association and a respected expert on legal ethics, his resignation is likely to reverberate among politicians and the public. Mr. Starr's decision to accept the committee's invitation to appear had aroused

some controversy. But that quickly died as

Democrats on the panel looked forward to their first chance in 10 months to quescon the man whose work was at the center of the crisis around the Clinton presidency. It was unclear just how great an impact Mr. Dash's resignation might have, Many Americans are too young in remember his

resignation in August 1974. As the first independent counsel to make an impeachment referral to the House of hiring of Mr. Dash four years ago as a public relations coup, providing political

cover - Mr. Dash is a registered Demoin "uncharted waters." He said he thought crat - and projecting a desire for an ethically conducted inquiry.

"I think Start was wise, even brilliant, to choose Sam Dash, because of Sam's prestige and credibility with the media." Stephen Gillers, a New York University law professor, recently told The Washington Post. "That has given Starr some cover, which actually worked for a while to stave off criticism.

Despite his criocism of Mr. Starr's appearance before the Judiciary Committee, Mr. Dash did not question the evidence compiled by the independent counsel or the tactics used in doing so. Mr. Dash has repeatedly defended Mr. Starr against charges from Democrats that there was a conflict in Mr. Starr's investigating Mr. giving him my expertise. Clinton while working as a private lawyer for a firm that represents corporate firms opposed to some Chinton administration

At the same time, he has appeared to enticize Mr. Starr's approach in articles in the New York Observer and the New on Thursday night, and he used his Yorker magazine. He was quoted, among entire bour not to defend the president's other things, as saying he would have actions or his veracity but to attack Mr. change, Mr. Kendall said, "There has been role in the Watergate scandal, which cul-

minated in President Richard Nixon's preferred that Mr. Starr devote his full time Starr and the conduct of his investigation. to the independent counsel position. Mr. Dasb himself had encountered crit-

ernment consultant - and for a sense that Mr. Starr used him to provide legiomacy.

"I would not have agreed to play that role." Lawrence Tribe, a Harvard Law School professor, told The Washinginn Post recently. "I would feel ethically compromised. Providing legal consultation and trying to make legal arguments on behalf of the independent counsel is one thing. But I wouldn't want in effect to be allowing my reputation to be used as a shield for someone whose circumstances, in the end, I doo't have the ability to influence." Mr. Dash's response: "I'm not giving Ken Start my reputation. I'm

■ The Kendall-Starr Bout

John Broder of The New York Times reported:

The president's lawyer, David Kendall. finally got his chance to confront Mr. Starr

Mr. Kendall struck within his first minute of cross-examination, criticizing icism during his tenure as Mr. Starr's adviser, both for the amount of money he was inquiry and for hiring "an undisclosed paid—most recently about \$3,200 a week, a considerable fee for a part-time government. "The transfer of the tenure of private investigators" to gather evidence of presidential misdeeds.

The president's lawyer then spent the next 60 minutes in a relentless assault on Mr. Starr's honesty, his prosecutorial ractics and his ethics.

This was the first extended public exchange between the legal minds behind the extraordinary political and constitutional drama that has capovated Washington all year. And following the White House's consistent strategy, Mr. Kendall immediately sought to make Mr. Starr—not the president — the subject of debate.

Mr. Kendall's aggressive questioning shook the calm demeanor of Mr. Starr, who had remained unruffled throughout most of a long day of interrogation by the committee. Mr. Starr grew tight-lipped and tense at times under Mr. Kendall's ceaseless baiting, but he never completely

lost his practiced courtroom calm. Mr. Kendali devoted a large part of his time to accusations that Mr. Starr and his deputies leaked grand jury material to the news media. At the end of one long ex-

Mr. Starr stiffened and replied: "I totally disagree with that: That's an accusation and it's an unfair accusation. I completely reject it." A few minutes later, Mr. Starr drew

office, and I think we know that."

blood as he began to suggest that the White House, through a joint defense agreement with many sympathetic witnesses, had access to much of the same grand jury ma-terial that prosecutors had. He seemed about to say that the president's lawyers and defenders might be responsible for some of details in news articles about the Lewinsky investigation. Mr. Kendall, unwilling to allow that charge to be heard by

in explanation or defense of the main charges in Mr. Sfarr's impeachment report retire Mir, lest it fall to Earth uncon- to Congress. He did not answer the multiple accusations of perjury, obstruction of NASA officials have repeatedly warned justice or witness tampering that appear in that unexpected problems will arise in Mr. Starr's 445-page report. He did not try assembling the international station, if to explain Mr. Clinton's sworn denials of only because it is impossible to first put the sexual activity with Ms. Lewinsky, nor did components together and test how they link up on Earth. Especially in light of the ment in helping her find a job when she was likely to be called as a witness in the Paula Jones sexual misconduct lawsuit against the president."

ORBIT: First Piece of the International Space Station Is Launched Into Orbit by Russians nance construction of the so-called service people in Congress very concerned about

Continued from Page 1

aboard the Proton rocket, to disappear into the milky sky at Russia's Baikonaur Cosmodrome in Kazakhstan and less than 10 minutes for it to begin orbiting.

The United States, by far the biggest partner in the station, paid the Russian government \$240 million to build the Zarya module at a space center in Moscow, and NASA officials say they are pleased the United States, is already installed aboard the space shortle Endeavor in anticipation of a Dec. 3 lift-off.

tinnes to threaten to hold up the project. chae' Hawes, NASA's chief station en-

module as promised has already put the the \$60 million." station a year behind schedule. This fail, the cash-starved Russian

Space Agency sold the U.S. National Aeronautics and Space Administration \$60 million worth of research time and cargo space on the station in hopes of launching the service module in July. But NASA officials worry that Russia will still fall \$40 million short and that they will be with the work. The second module, built in 'forced to go back to Congress with another financial arrangement that will infuse more U.S. funds.

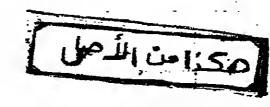
"It will certainly be easier because The Russian government's failure to fi- giacer, in Moscow, "There were many schedule,

Ahead lie far greater costs. Russian space officials fear that their country may be forced to back out of project altogether if the government cannot pull itself out of its deep financial hole. That would not only humiliate the Russians, but also rob the station of some of its appeal as a global endeavor.

In a small illustration of the vast discrepancy between the U.S. and Russian space budgets, NASA officials handed out Friday a 54-page information booklet with a picture of the future space station on the A crucial third module, however, con-we've had a successful launch." said Mi-cover. The Russian space agency provided chael Hawes. NASA's chief station en-asingle half-page sheet with the launching

If all goes well, astronauts would be able to live on the station in a little more than a year. Until then, the only orbiting station is
Russia's 12-year-old Mir station. The Russian government has declared the inter
Mr. Kendall did not offer a single point national station to be more important, but it still must use enough of its scarce funds to

the lack of surprises in the launching Fri-



North Korea Hones Its Missiles

2.S. Intelligence Spots New Launch Sites and Faster Production

By Dana Priest and Thomas W. Lippman Washington Post Service

WASHINGTON — Despite international pressure to curtail its missile program. North Korea is building at least two new launching facilities for the medium-range Taepo Dong-1 and has by China as upsetting the military bal-stepped up production of short-range ance in the region. missiles, according to U.S. intelligence

intelligence agencies that North Korea with his hosts as part of discussions on regional tensions, U.S. officials and Korea experts said.

Japan is responding to the North Koreans by seeking to boost its defenses with an auti-missile system, a move seen

President Bill Clinton, who arrived nd diplomatic sources.

Priday in South Korea for a state visit, is scheduled to address the missile issue

intends to test-fire a second missile capable of striking Japan, are inflaming is trying to keep alive a nuclear agreement with Pyongyang at a time when U.S. policy toward North Korea is facing criticism as being ineffectual.

On Wednesday, a high-level State Department delegation completed a visit to North Korea after being denied access to huge underground construction complex that U.S. intelligence officials believe is a nuclear facility. U.S. officials rebuffed a request by Pyongyang for a \$300 million payment in exchange for permission to enter the complex.

The public focus during Mr. Clinton's trip and that of the State Department roup, led by a special envoy, Charles Cartman, has been on Pyongyang's nuclear program, which North Korea promised to freeze under the 1994 Pramework Agreement. But U.S. officials and other experts say the missile program is on the agenda because it is a nore imminent threat.

"The administration certainly has se rious concerns about the missile pro-' said a White House foreign policy spokesman, David Leavy. Noting that this issue was "an important element of the president's agenda in Japan and South Korea," he added, "We are going to raise this and make the security issues an important and this trip." sues an important part of this trip."

David Kay, chief UN nuclear

weapons inspector from 1991 to 1992, said: "The missile threat is much more immediate. These are weapons of terror and intimidation."

Like the nuclear issue, there appears to be no resolution of the missile prob-lem in sight. The last bilateral missile talks between the United States and North Korea took place more than a month ago, and no future talks are set. At the time, Pyongyang reportedly asked Washington for up to \$1 billion a year for three years to convert its missile production plants. Last year, the United States offered to ease some long-standing economic sanctions on North Korea in exchange for restraint on missile exports, U.S. officials said, but no agreement has been reached.

On Aug. 31, North Korea launched a test of the three-stage Taepo Dong-I, with a range of about 2,000 kilometers (1,250 miles), over Japan. Its first stage splashed down in the Sea of Japan and a second stage crossed over Japan's main island of Honshu and landed in the Pacific Ocean. A third stage, which U.S. intelligence sources had failed to detect until reviewing data several weeks later, broke into pieces and traveled about

550 kilometers downrange. Intelligence sources said North Korea is building a launching facility for the Public High School Loses as Challenges Widen in U.S. is building a launching facility for the Taepo Dong-1 at Yongo-dong that could be completed in 1999. Workers have completed bunkers for propellant fuel and are constructing a launching platform. A are constructing a similar site is under construction at Chihari, the technical support base for North Korea's Scud missale brigade, sources

> "We have identified some construction that we think might be bunkers to store Taepo Dongs in," said a senior U.S. official. "You could roll them out and

elevate them into a position to launch." North Korea also has recently stepped up production of its No Dong short-range missile, which U.S. officials believe are destined for export. U.S. officials said the missiles are likely to be sold to Syria, Pakistan or Libya, each a prior customer.

On paper, the ballistic missile and nuclear issues are separate. North Korea has proclaimed its intention to build, launch and market intermediate and long-range missiles to raise revenue for its shattered economy and to launch satellites.

They are proliferator number one selling not only missiles but production capability" to such countries as Iran, according to an administration official who monitors the North Korean program. Pyongyang is under no legal or treaty obligation to restrain missile development or sales.

On the nuclear side, however, North Korea is bound by the 1994 deal with the United States known as the Framework Agreement. In that pact, North Korea agreed to suspend operations at its known nuclear weapons site at Yongbyon halting the separation of plutonium and suspending operations of a phitoniumproducing nuclear reactor — in exchange for the donation of two light-water nuclear power plants. The United States also pledged to supply 500,000 metric tons of beauty friel oil appealty mutil, the power heavy fuel oil annually until the power

plants are on-line.
U.S. officials said the nuclear and missile issues were linked because the financing package for the nuclear power plants includes \$1 billion from Japan. Washington assumes the Japanese Par-liament would refuse the appropriation if North Korea fired another missile across Japanese territory. Congress also would be expected to balk at putting up further funds for a deal to which many members are already hostile. The U.S. commitment is \$35 million a year, used for fuel oil purchase and transportation.

Kim to Seek Softer U.S. Stance

South Korean officials said Friday that President Kim Dae Jung plans to suggest to President Clinton when they meet Saturday that the United States climb down from its tough stance vis-àvis North Korea and adopt a more conciliatory policy, South Korean officials said Friday, the International Herald Tribune reported from Seoul.

The current American policy "is not realistic," said a senior official at the Blue House, the center of presidential power in Seoul. "The current situation on the Korean Peninsula is more positive than before, and North Korea is now changing gradually."

For that reason, the official said, Mr. Kim hopes to persuade Mr. Clinton of the advantages of his "sunshine policy of engagement" with the North, despite U.S. suspicions that North Korea plans to develop nuclear warheads in an un-derground site spotted three months ago by U.S. satellite imagery.

DIE ZEIT presents:

مكذامن الذعن

Our new jobs section with a separate heading for life sciences



South Korean soldiers consulting a map on Kanghwa Island, off the west coast, as they searched Friday for possible North Korean intruders. South Korea was on maximum alert after a North Korean submersible craft was intercepted before dawn and chased away by military patrols.

New Racial-Preference Front

admitted, moves the highly charged desimilar case involving a magnet school bate over affirmative action in education in Arlington, Virginia. "At this point," from the college and professional site said, "it's not clear exactly what's college and professional site said, "it's not clear exactly what's school level down to the public school

P. W. 1

Two years ago, in a case involving the University of Texas law school, the 5th U.S. Circuit Court of Appeals barred the

NEW YORK—In the first federal count of the peak of the

their way through the courts."

Although the ruling Thursday is binding only on Maine, Massachusetts, New Hampshire, Rhode Island and Puerto Rico, it is likely to draw intense interest But the constitutionality of racial prefine many school districts that are raceerences in admissions to prestigious public high schools is more complicated competitive schools.

BRIEFLY

Closing Sign Is Up For China's Military

BEIJING - China said Friday that its military, judiciary and police would somender their large business empire by the end of the year as part of a five-sument crackdown on corruption.

The State Economic and Trade Commission has set up a special office to oversee the transfer of ownership of military, judiciary and police-owned emerprises by the end of December, a

commission statement said.

This is a necessary measure to maintain the order of a socialist market economy and guarantee continued rapid and healthy development of the na-

tional economy," the statement said.

President Jiang Zemin ordered the
People's Liberation Army in July to withdraw from its business activities in one of his boldest moves to stamp out graft. He gave no innetable. (Reuters)

Karachi Peace Effort

lished immediately to restore peace in Karachi, where nearly 800 people have been killed this year.

He said that the constitution had been invoked to give the military powers to back the provincial administration against the sectarian, political and ethnic violence.

Is was the most radical step Mr. Sharif's government has taken against the near-daily bloodshed in Karachi, a city of 12 million and Pakistan's main post and commercial center. (Reuters).

U.S.-India Talks End opened fire with live round plastic bullets or blanks.

NEW DELHI - India and the United States ended a seventh round of delicate arms control talks Friday amid differences over pomprolifera-

India expressed concern about a U.S. decision to blacklist dozens of government institutions and private firms for alleged links with the countries. try's nuclear and military programs,

officials said. The United States, which has been urging India to accept nonprolifer-ation accords and exercise restraint on its nuclear and missile programs, lis-ted steps that India could take to narrow the two country's differences. The two sides are to meet again in

New Ties for Taiwan

TAIPEI - Taiwan won a modest victory Friday in its diplomatic tug-of-war with China, establishing formal ties. with the Marshall Islands, a tiny former

U.S. dependency in the Pacific. The surprise move, announced in Taipei by Foreign Ministers Jason Hu of Taiwan and Phillip Muller of the Marshall Islands, was a bright spot in a bad year for increasingly isolated Taiwan, which has seen four allies switch

ties to Beijing in 1998.

Mr. Hu said plans to exchange ties Minister Nawaz Sharif said Friday had been kept secret to prevent inthat military courts would be estab- terference by Berning, which refuses Taiwan's government. (Reuters)

Jakarta Shootings

JAKARTA - Doctors have found metal bullet fragments in the bodies of students shot and killed by Indonesian troops during street protests last week, forensic expert confirmed Friday. The military has begun an investigation into allegations that its sol-

ened fire with live rounds instead of Also Friday, several hundred students and members of Muhammidiyah, Indonesia's second-largest Muslim group, marched toward the presidential palace, demanding greater democratic change.

diers disobeyed top-level orders and



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EDITORIALS/OPINION

No New Evidence

On the core question of wbether President Bill Clinton's misconduct in office merits impeachment, the testimony of Kenneth Starr brought more clarify than most Americans could have expected.

The independent counsel outlined his case that Mr. Clinton lied under oath, obstructed justice and tampered with witnesses, but he brought the House Judiciary Committee oo new evidence beyond that offered in his Sept. 9 referral.

Now, as then, that information provides what Representative Bill Mc-Collum, Republican of Florida, called 'a compelling picture' of a president failing in his sworn duty to see that the law is faithfully executed.

But oow, as then, the correct conclusion is that condemnation through formal congressional censure is the proper punishment for Mr. Clinton, not impeachment by the House followed by the ultimate constitutional penalty of removal from office by the Senate.

For some time, our position has been that censure of Mr. Clinton for lying under oath was the correct remedy unless new evidence emerged.

The logic of that position proceeds from the political consensus of the American people and the scale of the offenses, even if every detail of Mr. Starr's allegations could be proved.

This misconduct did not occur in the context of oational security or the misuse of key agencies. It stemmed from personal weaknesses - Mr. Clinton's compulsive risk-taking, his disrespect of the high office and historic residence entrusted to him, his habitual mendacity - that no future chief executive is likely to emulate.
Therefore Mr. Clinton deserves to

be punished in a way that writes his disgrace into the history books and affirms the presidency's subservience to and obligations under the rule of law, while at the same time sparing the nation the trauma that removal of this weak man would impose on the people and the political system.

Mr. Starr hoped to use his testimony to salvage his legal reputation while also proving his case that lying in a sexual harassment suit was in and of itself grounds for impeachment. His long opening presentation was at once an orderly and useful summation of the evidence to date, and a devastating admission that he had no additional evidence that would strengthen his case.

Those who believe that new information was needed to raise Mr. Clinton's misconduct to the level of impeachment heard none on the Monica Lewinsky matter or on earlier scandals. Indeed, Mr. Starr testified that he could not prove his suspicions about President and Mrs. Clinton on Whitewater and that he found no offenses by them

on Travelgate and Filegate. Mr. Starr presented himself as bound strictly by the law, yet much of his case against Mr. Clintoo rambled far afield. He listed misleading the American people, lying to the cabinet and White House staff, specious use of privilege claims and six refusals to testify before the grand jury as part of

the enumerated charges. These fallings are part of the conduct that makes Mr. Clinton a slippery and unadmirable president. But they are not legally impeachable or even prosecutable.

The strongest part of Mr. Starr's case focused on incidents of presidential lying that unfolded after Dec. 5, 1997, when Mr. Clinton first learned that his paramour would be a witness in the Paula Jones case. On six occasions, starting with his Jan. 17, 1998, deposition and ending with his Aug. 17 grand jury testimooy, Mr. Clinton test-ified falsely or lied in public about his relationship with Ms. Lewinsky. In addition, between Dec. 5 and his Jan. 17 deposition, Mr. Clinton took a oumber of potentially illegal actions that Mr. Start said were shown by direct testimooy or "circumstantial evidence."

In Mr. Start's account, the presideot urged Ms. Lewinsky to swear to a false affidavit, sought to tamper with the evidence of his gifts to her, coached his secretary, Betty Currie to tailor her testimooy to his, and reached out to his friend Vernoo Jordan, a powerful Washington lawyer, and others to get Ms. Lewinsky a

job that would keep ber silent.

Mr. Starr said Mr. Clinton's actions over this "eight-month journey" amounted to "witness-tampering, obstruction of justice and the use of presidential authority and power in an effort to conceal the truth of the relationship and to delay the investigation."

That is the heart of the impeachment case. For our part, we have never been in the school that excuses presidential lying if it concerns private conduct. We regard lying under oath for any reason as a serious breach of presidential responsibility and agree with Mr. Starr that much of this inquiry was necessitated by White House stonewalling and deception on suspect events that started with Whitewater.

But we still do not see impeachment as the appropriate legal response. That is partly for the reasons of legal scale outlined above, and more importantly for the final judgment that has now developed in the public and the Congress. Even diehard congressional Democrats like Representative Barney Frank of Massachusetts want Mr. Clinton to be punished.

But a substantial majority of the American people would not sopport impeachment or removal on the existing facts, and Mr. Starr's bottom line was that be has no more to offer.

Mr. Starr has dark and reasonable suspicions about, say, jobs for silence, but he cannot prove them. Those parts that he can prove, such as Mr. Clinton's blatant lying under oath about sex, will not be supported as grounds for impeachment by a majority of the House, even though it is controlled by

the Republicans.

Mr. Starr handled himself better than Democrats had hoped in responding to charges of collusion with the Jones lawyers, the hludgeoning of witoesses and ideological obsessiveness. But serious questions remain about his prosecutorial conduct, including his handling of Linda Tripp and her tapes.

The Republicans, meanwhile, have a acute problem. They could probably clear an impeachment recommendation on a party-line vote in the Judiciary Committee. But that vote would damage their party in the next election and displease their own designated speak-er, Robert Livingston. Most importantly, it would not be warranted on the evidence presented by Mr. Starr.

As for the final resolution of these matters, the mess does not look so large Friday as it did Thursday. Mr. Start's reputation for legal acuity and bal-anced indement has been seriously damaged. Mr. Clinton is probably much nearer the severe censure that he

deserves for betraying the rule of law.

The smart parliamentary move and the best outcome for the country would be for a senior Republican and a senior Democrat on the Judiciary Committee to offer a joint motion recommending a censure resolution to the full House. -THE NEW YORK TIMES.

As Goes Brazil

Brazil is so big, its foreign connections so extensive and its example so conspicuous that its economic strains bave moved to the center of international concern. The country has not collapsed in the manner of Russia and the Asian victims of extreme duress. Brazil bas an upright and, for a country modernized only in part, impressive economy. But it needs capital and is vulnerable to the jangly nerves of investors and speculators. Heoce the plan organized by the International Monetary Fund and the United States not so much to rescue Brazil as to preempt a coming crisis with a bold \$41.5 billion loan package.

The IMF bails out countries that have overspent their often-slender resources or otherwise.come into financial distress. So it is with Brazil, where

a democratic government is struggling to make the reforms its creditors de-mand — and to make them oot by declaring emergency hut by working with an elected legislature.

The IMF's own reputation is very much on the line. As an organization with often-secretive ways and an elitist technocratic tinge, no wonder that its Brazil package, long in coming, has been met with some probing critiques as well as some upbeat approvals.

The debate is welcome. In the new global economy, everyone is proceeding as through a fog. In Brazil as elsewhere, the IMF is not only trying to get ahead of the curve; it is also rebuilding a whole society internally and in its international linkages. This is late 20th century revolution in action.

— THE WASHINGTON POST.

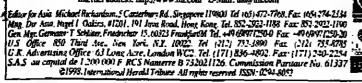
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TONOLULU — It is high time to review the creaking U.S. policies toward North Korea. This should be the focus of President Bill Clinton's talks on Saturday in Seoul with his South

Korean counterpart, Kim Dae Jung. Wanting a peaceful resolution of the high tensions in the Korean Peninsula is a wish, not a policy. The framework agreed in Geneva in 1994 has frozen part of North Korea's program to build ouclear weapons. But it is much less than a complete policy and may have failed on some of its own terms. On the diplomatic front, the Four Party Talks, in-volving the United States, China and the two Koreas, have accomplished nothing other than to be an indirect vehicle for providing new levels of food aid in return for Pyongyang's attendance.

The U.S. Congress cannot manage foreign policy. But it has been right to raise the serious objections to the Clinton administration's policies on Korea. Its demand for a special coordinator has been met by the appointment of a respected former secretary of defense, William Perry. This provides an opportunity to review all options in a situation where few look very good. First, the United States needs to rec-

ognize that North Korea is a failed state questionable legitimacy. Most evidence suggests that it exists to preserve the power of Kim Jong II, other government and party officials, and the armed forces. Despite a much im-proved grain situation this year, North Korea is far short of being able to feed itself. It will never be able to do so under present collectivist policies.

By James Kelly

Thousands, perhaps millions, of North Koreans have died of starvation and medical neglect. Without real reform, many more will perish.

Clinton administration's assumption that "time is on our side." This might to adjust and begin economic reforms. Bot there is precious little concrete evidence of any serious moves toward significant change. There is talk of market opening projects starting, but in the end nothing much happens.

North Korea holds over all of our heads. There is plentiful evidence. Among more recent examples was the attempted launching on Aug. 31 of a satellite from a new, long-range, three-stage ballistic missile that flew over Japan. North Korea is also building an underground facility that could be used to restart its nuclear program. There is much ground for suspicion that the Kim Jong II regime is using the food and other foreign aid it receives — including fuel oil provided by the United States under the 1994 agreed framework -- to buy time to develop

North Korea faces a dilemma: it cannot survive materially without eco-nomic reform. But the threat to the regime from exposing its people to outside influence if it begins any serious reform is too great. Washington is enabling Pyongyang to continue re-

By Jim Hoagland

Second, we need to question the be so if it provided time for North Korea

We must recognize the huge risk that weapons of mass destruction.

pression at home, while developing its

Meanwhile. South Korea faces huge internal tasks of restoring growth in its own troubled economy. At the same time, President Kim's government must resist tendencies to wish North Korea away and face the harsh reality across the demilitarized zone. South Korea someday, probably sooner rather than later, will have the main responsibility of managing reunification, not to mention whatever shocks.

that might precede it.

In revising policy, the United States should not apply harsh military pressure on North Korea. Its allies, including South Korea and Japan, believe the risks would be too high, and they may be right. Since they are far closer to the North than is the United States, Washington must respect their concerns, while working to ensure that a clear-eyed vision of North Korea is maintained. Washington's responses must be carefully orchestrated with Scoul. Engagement with the North can con-

tinne. But there should be a realistic firmness in responding to Pyongyang's demands for aid in cash and even kind, especially where there is evidence it is being used to prop up the regime.

A firmer policy should aim to shift the primary focus from contacts between the United States and North Korea to contacts between the two Koreas themselves. If any North Korean economic reforms are going to develop, it will be the result of South Korean business contacts.

Center for Strategic and International Studies. He contributed this comment to the International Herald Tribune.

The successes of the 1994 agreed capability to threaten peace and sta- framework justify its continuation. But the plan to build large light water reactors in North Korea are unrealistic. Such reactors are extremely costly, and will not be effective even if completed, as North Korea has no power grid to handle the electricity, and no means to

build one. Instead, smaller thermal power plants should be provided. China has received more praise for its help than it deserves. China's short-term interests coincide with those of South Korea, Japan and the United States. Beijing should be asked to coordinate its food and with the United Nations Food Program, and provide some financial support for the alternative power supply arrangements for North Korea under the 1994 framework. Finally, North Korea must under

stand that if it continues using its meager resources for ballistic missiles or any weapons of mass destruction, the response from the United States and its allies will be immediate reductions in aid and other support.

Pyongyang must be made to realize

that provocation does not pay. There should be continued engagement but with firmness behind it.

The writer, a former Asian affairs Airector on the staff of the National Security Council during the Reagan administration, is president of Pacific Forum CSIS, a Honolulu-based think tank that is the Asia-Pacific arm of the

An American Military Priority: Feed the Russian Army

WASHINGTON — Once a proud nuclear superpower with global ambitions, Russia today cannot feed its own army. Malnotrition stalks its ranks. The Kremlin may soon halt drafting young con-scripts: It cannot afford to pay recruits their salary of \$4 a

Russia's economic collapse has become the driving force in the making of military strategy in Moscow and in Washington. The world is slipping into a new strategic era: America's leaders will have to decide to help the Russian military survive in

> mote American interests. The growing Russian desperation surfaced in Prime Minister Yevgeni Primakov's comments to Vice President Al Gore during this week's Asian

something like its present form,

or take a gamble that more frag-

mentation and turmoil will pro-

sponse reflected the wait-andsee mode the administration has adopted as it surveys the wreckage of its multilateral aid pack-

ages and summit initiatives,

diplomatic sources report. It now comes back to the soldiers who stood watch on both sides during four decades of Cold War to guide difficult decisions that cannot wait.

Those choices range from the basic needs of food and shelter to setting strategy for the decaying Russian nuclear arsenal.

Consider the symbolism of a proposal being considered by a high-level U.S. interagency working group: Should the Pentagon give millions of surplus field ration kits to the Russian Army to get it through the

U.S. military leaders who once focused on destroying Moscow's armed forces, if the sia. The West, Mr. Primakov need arose, today lean toward all to see. hitterly noted, refused to give providing the packaged MREs, \$8 billion in emergency help to Russia while ponying up \$40 tagon suggests in public and billion for Brazil this month.

Russia has been unable to tional security interests. Russian collapse.

Russia has been unable to the push ahead with plans for resulting and reforming its clude a unilateral U.S. cut of 50 return to a cold time of contents to the present argument. This would armed forces, which now num-Mr. Gore's unresponsive re- give bumanitarian help to van- ber about 1.4 million. Making and an immediate "stand-

quished soldiers, and keep them from selling weapons or know-

how to terrorists. The political risks, however, are formidable. How to be sure the food will get to the truly needy? How to convince Congress that the Russian army is a reliable partner and not rebuilding for another era of adventurism? And on the Russian side, bow to handle such U.S.

help without risking humiliation? Russia has not made a formal request for such aid. But Mr. Primakov has let it be known informally that food aid to the army would not be turned

down, diplomats say. Working to overcome the obstacles to food aid to the Russian military is in the best interests of both countries. The key lies in making the mutual

reform and the reduction of nuclear risks is essential to defusing hostile political reaction in both nations.

U.S. officials are hoping that the Duma, or Parliament, is finally poised for a decisive vote in December on ratification of the START-2 treaty. But even if that vote is once again blocked, the time has come for a significant U.S. push on a new strategic nuclear road map with the Russians. Senator Bob Kerrey, Demo-

crat of Nebraska, addressed the . need for such a push in a ultimately "undermines our na-

food aid part of a broader prodown? of the 3,000 warheads to gram of U.S. assisted military be eliminated from their current hair-trigger alert status. This would encourage the Russians to follow suit, Mr. Kerrey be-

> The White House prefers to negotiate with Moscow reciprocal reductions and the taking of missiles off alert status. President Bill Clinton has already approved a still secret Presidential Decision Directive on .U.S. goals for START-3 ne-gotiations, which could begin immediately after Russian rat-ification of START-2.

In the next few weeks the U.S. Russian relationship will thoughtful speech on Nov. 17: cross a new military watershed Mr. Kerrey drew aucunton alerting and STAK I get have that requires the Pentagon alerting and STAK I get have to keep a minimum of 6,000 handled properly—if the political will exists in Congress and markeds actively decided will exists in Congress and in the Mr. Kerrey drew attention to a ... as decisions on food aid, de law that requires the Pentagon alerting and START get made. nuclear warheads actively de lead will exists in Congress and ployed the pressure Russia to the Wine House and in the pass START-2). He correctly Doma and the Krenlin — these described the law as a self-de decisions could bring a deeper beneficial U.S. involvement of shaping the consequences of Russian collapse. If mishandled, we are in for a

Gates and Microsoft Deserve to Lose the Antitrust Lawsuit

 $B_{ ext{the case of the People of the}}^{ ext{OSTON}}$ — On one level, United States of America v. Microsoft Corp. grinds on. But on a more important level, the case is over and the people of the United States, as represented by the Justice Department, have won. Anyone who ever thought, as I did, that the antitrust action against Microsoft was ill-considered must now agree it was

There were a number of reasons to be skeptical of Justice's legal intervention. First, government intrusion into highly functional markets are, generally speaking, duhious under-takings. The head of the Justice Department's antitrust division, Icel Klein, may well be the most able lawyer in Washington, but that hardly qualifies him to set rules for the digital

WASHINGTON — As I was watching Kenneth

Starr do his star turn and was

trying to compose my thoughts on the usual legal pad, I suddenly heard a fa-

miliar voice. It was muffled

and distant but nomistakably

that of my former impeach-

NIXON: Well, Len, at least

you're using the right kind of paper. You look as if you can

use some help.
ME: Mr. President! I

thought — NIXON: I wangled a pro-

bationary pass. I wanted to see

ME: What did you think? NIXON: Not bad, Len. The

guy had a powerful opening statement, if you bothered to

read it. But he looked too

much like a choirboy for my

taste, and he sounded like one.

too. He had his moments. He

knows about the crimes and stood up nicely to the scripted

stuff. I was also impressed by

the moves he showed when

Abbe Lowell went after him,

But, let's face it, he was never

Ken Starr testify.

ment elient, Richard Nixon.

anything but.

By John Ellis

economy of the next century. fiercest detractors. There is a lingering suspicion that the case was brought to trial as payback for those contributions.

Third, many of the allegedly injured parties (Sun Microsystems, Apple Computer, Netscape, IBM, Motorola) are hugely profitable corporations.
The chief executives of these companies are among the most highly compensated people on the planet. Shareholders in these companies have realized extraordinary capital gains since the early 1980s, when the Microsoft monopoly began. We should all be so injured.

Starr: Observations From an Expert

By Leonard Garment

He's got to act like one, not like the fancy Washington lawyer or appellate judge he used to be.

It's got to be bang-bang-bang, get the guy, whatever it takes, whoever he is, nail him

nasty, brutal, clear. That's

what prosecutors do, every

last one of them, except

maybe a few compassionate misfits who wind up getting

shafted or nominated to the Supreme Court. Win! That's

ME: But if Starr was trying

NIXON: Will you please

wake up, Len? This isn't a

prosecution; it's politics. The

whole country is the jury, and

they're hopelessly hung and just want to go home. Not be-

cause they're tired of wallow-

ing in scandal but because most

of them think they would have

done what the president did:

lie, cover up, fly to the moon,

to do what prosecutors always

do, why has he had so much

the name of the game.

trouble?

a prosecutor before this case. anything to save the marriage.

Fourth, it is almost impossible to argue that consumers and businesses have not benefited Second, this suit was brought by the Clinton administration, which has raised millions of dollars from Microsoft's windows operating dollars from Microsoft's systems and Intel microprocessors) duopoly. Computers have never been cheaper. Software is inexpensive. Access to the Internet and the World Wide Web is astonishingly cheap. And it all works; not as well as it might, but well enough to enable a productivity revolution that has fueled substantial economic growth in the United States and around the world.

Fifth, the case against Microsoft is necessary if one thinks that the personal computer will remain at the center of the computing universe.

What the government has done is prove beyond reason-

ME: You mean Starr was

naive if he thought his testimony would change anything? NIXON: No, no, no. [He

smiles that surprisingly sunny

smile.] You remember what John Connally said was the basic truth about politics? He'd say, "You just never know."

Remember those long, quiet stretches during Watergate,

Len, when we were sure the

worst was over and that we

NIXON: Then another shoe

would fall - taxes, tapes -

and we'd sink a little lower.

The scandal centipede has 101

feet. The case is never closed.

[Looks at his watch.] Time to run, Len. Lots of rules now.

Remember law and order?

There's lots of it at my present

location. And these grys don't allow legal hairsplitting. [Fades, then disappears.]

The writer, a Washington

lawyer who was counsel to

President Richard Nixon, is

the author of "Crazy Rhythm." He contributed this comment

to The New York Times...

were going to survive? ME: 1 suppose so.

able doubt that Microsoft's behavior has been injurious to the advancement of the computing industry as a whole. Through the patient and carepartment lawyer, David Boies,

especially telling. Bill Gates, he said, "was very upset at the fact we were making investments in software of any sort." He added,

support our next processor if we did not get alignment on the issues." Any company that can become its most reviled. dictate product development policy to Intel, the world's most profitable corporation, is, almost

by definition, too powerful. I The other thing the govern-

ment has done is reveal Mr. Gates's incredible arrogand consumers and detrimental to and contempt for the American system of justice. His videotaped deposition was a classic of Clintonian evasion, and ful questioning of a Justice De-every bit as dishonest. He could not remember important meetthe government has established ings. Words he himself had that over and over Microsoft typed out in e-mails did not used its operating system lever-age to thwart competition and obviously meant. He had no stifle innovation. dea what Microsoft's strategy The testimony of an Intel vice was in the Internet browser president, Steven McGeady, was wars. Mr. Gates's testimony was so preposterous and disingenuous that at two points Judge Thomas Jackson burst

out langhing.
This case will eventually "He became quite enraged at This case will eventually one point" that Intel had 600 to wend its way to the Supreme 700 software engineers "who were, in his view, competing with Microsoft Bill made it very clear that Microsoft would not case is closed. Microsoft, long

The Justice Department has done its country an enormous service. It brought the truth to

The Boston Globe

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Door to China

PARIS - M. Denis Guibert dir-

ects attention to the uncertainty

among English statesmen in regard to the policy which should be adopted toward China. A short time ago the policy of the "open door" prevailed. When Russia determined to close Manchuria to commerce, there was an orientation to the theory 1948: House Arrest that Lord Beresford is in China there seems to be a return to the 'open door' view, M. Guibert has no objection to Free trade in the Far East, but he has doubts as to whether the Anglo-Saxon union will bring about anything of the sort

1923: Bad Girls

of the Department of Police of Washington. Cabaret life and cheap literature are making American girls unfit to become wives and mothers, she said. "Too many women want a career in business, away from home. The only career in every girl's life should be the developing of a real home."

Willemsted, Curacao, Nov. 21

- President Romulo Gallegos was reported tonight to be under house arrest. Reports received here said that high army officers are detaining the President and demanding that he resign-The government suspended yester-day [Nov. 20] constitutional guaranties of freedom of speech and the press. There have been CHICAGO - American boys rumors that an influential section are becoming better, while girls of the armed forces is not satare becoming more wayward, isfied with the political simation according to Mrs. Van Winkle, under President Gallegos and his chief of the women's division Democratic Action Party.

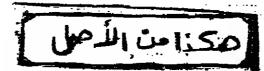
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Venice Tales, From Casanova to Revolution

By Roderick Conway Morris

ENICE — It is ironic that of all figures in Venetian bistory the most universally renowned, other than perhaps Marco Polo, should be Gilifetime this adventurer, rake, social climber, charlatan and from books published during sometime litterateur was not his lifetime, which include a especially prominent either in translation of the "Iliad" and his native city or those in an excursion into mathemat-Europe be frequented at vari- ics, almost nothing remains dious times, but he won postburnous fame by leaving be- Even certain, rather than prehind him 3,600 manuscript pages of unreliable and self-

death of this proverbial seducer at Dux Castle in Bohemia is the occasion for an exhibition. "The World of Giacomo Casanova: A Vene-tian in Europe 1725-1798," at Ca' Rezzonico on the extensively in Europe, re-Grand Canal (which contin-

The main source for Casanova's career is his own "Story of My Life," and where his version can be cross-checked with others he is often found being economical with

through paintings a tour d'ho-rizon of the Europe of the Old found being economical with

Regime. The details of the

are the subject of a sometimes

moving display of documents.

a table outside Caffe Florian

drawing, paintings and mem
on Piazza San Marco, Manin

and at least some of his amorous adventures seem exaggerated if not fabricated. A show following the course of his careet would inevitably be a blend of fact and fiction - an interesting proposition, hut not acomo Casanova. During his one attempted here. An additional problem is that, apart

rectly associated with him. sumed, portraits of him are few and far between, a rare authentic one from Moscow, aggrandizing memoirs. authentic one from Moscow, The bicentennial of the by his brother Francesco, duly appearing here. The show, therefore, turns

out to be very much more about the world Casanova in-habited than the man himself. Given that Casanova traveled

the truth. He misrepresents his own importance, falsely claims intimacy with the great intimacy with the great filled out by examples of confirmal control of the confirmation of the conf temporary dress, accessories and the paraphernalia of gambling with which the age was obsessed.

Casanova's peregrinations at one point took him to St. Petershurg, where he unsuccessfully tried to persuade Catherine the Great to reform the Russian calendar and institute a lottery. Catherine's great monument, the Hermitage, has been particularly generous with its loans to the show. Like much here, their connection with Casanova is somewhat tenuous, but it is pleasing to have the chance to see some of these pictures, particularly Fragonard's de-lightful "The Stolen Kiss."

Unquestionably one of the most distinguished Venetians ever, but one who is sadly extensively in Europe, repeatedly having to move on is
escape the consequences of
his dissolute and shady activities this gives the argan. tivities, this gives the organ- against the Austrians. The izers ample scope to offer stirring events of those years

Daniele Manin acquired a broad education, mastering Latin, Greek, Hebrew, French and German along the way. He chose to practice as a lawyer, but his principal ambition in life was to rid Venice of ber foreign masters. He suffered from chronic ill health, which he overcame through sheer effort of will. Manin's first strategy was

thorities by legal means, arguing they were breaking their own pledges and laws in the manner they administered Venice and their other Italian possessions. Yet, by 1848, resentment against autocratic regimes was reaching boiling point in many European eit-ies. Manin was imprisoned as a dangerous subversive, but on March 17, 1848, be was freed amid a popular uprising was seized, making it possible to arm the bastily formed

proclaimed the rebirth the Venetian Republic.

Working-class Venetians idolized the bespectacled, courteous, but absolutely determined Manin, who offered them the leadership that the Venetian nobles had failed to deliver. Under Manin's emergency dictatorship people of all races, faiths and political views were guaranteed security, and it is still a commonly held belief in Venice that the city was never run more intelligently, efficiently and bonestly before or since. to oppose the Austrian au-

But as reactionary regimes

asserted themselves again across Europe, Austrian forces returned initiating a protracted siege. The defenders at first held them at bay on the mainland, but when obliged by overwhelming odds to retire, they demolished a long section of the railway causeway, Venice's only direct link to dry land, With total disregard for Venice's historical and artistic treasures the Austrians then began sustained bombardment of the civilian population during which 23,000 cannonballs rained down on the city. The morale of the defenders remained astonishingly high,

Fragonard's "The Stolen Kiss," on view at the Casanova exhibition in Venice.

but after 14 months of assault on Ang. 30, 1849. Manin dy unusual vividness and immesupplies of food and ammuning a broken man in Paris diacy. None of names of these too were nearly exhausted eight years later. artists would today be readily and cholera was claiming scores of lives every day. With no hope of assistance from outside, Manin at last resolved to end Venice's suffering and negotiated a surrender on con-dition that the Austrians carexile. Venice was reoccupied tacks of the defenders, with

events but also took an active part in the nprising and defense of the city, the exhibition evokes the experience, from the intoxicating early. and 40 other leaders went into bombardment and counterat-

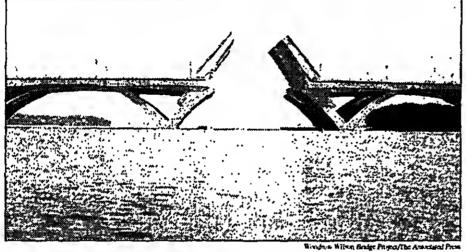
artists would today be readily Thanks to several Venetian recognized outside Venice, artists who not only recorded but some of their depictions of the drama, such as Luigi Ouerena's canvas of the explosion of a mined powder magazine against the backdrop of the serene, limpid ried out no reprisals, and he days of freedom to the furious blue of lagoon and sky, cap ture an unexpected, cerie ar tragic beauty.

$Arches\ Across\ the\ Potomac: A\ Landmark\ Design?$

ASHINGTON sweeping arcbes would carry a new Woodrow Wilson Bridge across the Potomac River in the design for a 12-lane replacement span cbosen this week by a panel of officials and architectural experts. The winning plan, created

by two engineering consultants, is for a "graceful, seamless, open" design, said Harry Hughes, the panel's chairman. "We chose this design because we believe it respects our present and past and will be celebrated by future generations as a landmark structure," he said.

The unveiling of the design in Alexandria, Virginia, rep-resents a milestone in what has been a sometimes contentious 10-year process of planning to replace the six-lane federally



A rendering of the design chosen to replace the Wilson bridge over the Potomac.

trucks as early as 2004.

impose weight restrictions on million, but Virginia and enough to bear the massive Maryland want to increase Regional and federal offi- that share. Also undecided is and Interstate 95. owned bridge. The 36-year- cials settled two years ago on whether drivers would be old structure, built to bandle a 12-lane structure. They charged tolls.

warn that they might have to ernment has commined \$900 possible, but was still strong

WHAT REMAINS TO BE DISCOVERED

Mapping the Secrets of the Universe, the Origins of Life and the Future of the Human Race

By John Maddox. Illustrated with diagrams. 434 pages. \$26. Martin Kessler Books! The Free Press.

Reviewed by Christopher Lehmann-Haupt

THE title of John Maddox's arresting new book, What Remains to Be Discovered," is in one sense selfcause you can't foresee what must still be obscure.

Maddox, for 23 years the editor of the journal Nature and now its editor emeritus, is the first to concede this point. "The arches spring from the river," said Harry Robinson, an architect and a 75,000 vehicles a day, is hope to start construction in crumbling under the weight of two years, although it is still who unveiled it Wednesday. The idea, said the designers son, an architect and a member of the panel. "It's as if was to devise a bridge that Neptune's hand is holding this looked as light and airy as bridge from shore to shore." he concludes, "suggests that the excitement in the years ahead will spring from the an-

swers to the questions we do not yet know enough to ask." Nevertheless, he writes, if that will deepen understanding of the world cannot be discoveries will tend to spring from current undercontradictions that have be-

come apparent." So he sets as his task in What Remains to Be Dis- that out of it may come "what

covered" a review of the cur- many physicists refer to as a Maddox concludes his book rent understanding of and apparent contradictions in the areas be identifies as "Mat-ter," "Life" and "Our

BOOKS

World." He asks the big questions and reviews the current status of answers that bave been proposed. How did the universe begin? How does it work? What came first, the galaxies or the stars? How did life begin? When did sexual reproduction arise? What is Imaginatioo?

In the 20th century, great progress has been made in offering some answers to these questions. Einstein's Like the cell biologists, gequantum mechanics are genome before they will be perhaps the two outstanding. intellectual achievements of this century," Maddox

cell and the mechanism of attribute of mind is hardly imals (including the development of embryos from fertilized eggs), has become susceptible to laboratory investigation."

we have come to understand in these various fields, the deeper are some of the conthe nature of the discoveries tradictions that have arisen, study systematically the ge-And out of these contradic- netic structure of different tions must come future dis- populations. And the human perfectly anticipated," those coveries. For instance, he armind should be further gues, the fact that the amount modeled by means of comof matter estimated in the uni- puters, the author's implicastanding, and usually from verse "obdurately falls short tion being that by this means "there is more to empty space memory and imagination will than the name suggests" and eventually be cleared up.

'new physics,' a physics reg-ulated by principles not yet For another instance, be ar-

gues, the more that is understood about genetics, the bow a particular sequence of DNA determines the character of the organism to which it belongs." He concludes: "Already it seems probable that the protein products of most genes will mm out to have more than one function - that for which they are named and several others. general relativity (gravita- nericists will be driven to

writes. "As a direct continue of the structure of the structure of brain cells, "how the brain DNA," he continues, "both functions both in the everythe internal working of the day world and as the human that has been learned about and courage. Will we have brain cells, "how the brain enough?" gioning of the century."

able to make serise of all this

science will progress. To his limited predictions he adds Yet, he concludes, the more practical suggestions. Pro- on the latest millennial june-Project, a debated plan to of expectation" suggests that such mysteries as long-term and eventually be cleared up.

More practically still,

ACTION FIGURES By Nelson Hardy

by envisioning four potential by proposing what might be done to avoid them. These are from "the accumulation of more complex appears the carbon dioxide in Earth's at-challenge of "understanding mosphere"; the rise of "novel and resurgent infections" the possibility of "meteoric impacts on the surface of the Earth," and the possible unstableness of the human gencould simply cease to exist, there being no guarantee that even the fittest of species

must survive indefinitely. "In reality," the author concludes, "there is no reational) theory" and the theory make computer models of the son why any of the potential calamities now foreseen. even the most scary among complexity." them, cannot be avoided. But Finally, he argues, for all avoidance requires vigilance them, cannot be avoided. Bu

A reader sizing up Maddox's book 100 years from now would no doubt be struck foretell. But "What Remains For Maddox these gaps and to Be Discovered" is still contradictions suggest how useful as a summing up of present knowledge. Future readers will gain perspective gress must be made on the ture in history. Present read-Human Genome Diversity ers can learn just how much we already know. New York Times Service

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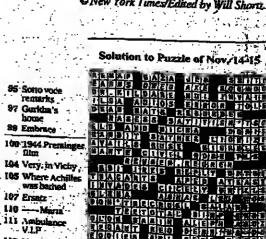
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صكذامن الأصل

ART

While the Tap's Still On: Hot or Cold?

By Souren Melikian mational Herold Tribune

EWYORK - There is something odd about a market doomed to wind down in the not too distant future as limited supplies dwindle. It alternately blows hot and cold, as it did this week more spectacularly than ever.

Hot when a major painting such as one of Cezame's most beautiful landscapes in his late style, heralding both the adyent of abstractionism and the stylization: of Cubiam, suddenly turns up. Such was the case Thursday night at Christie's when 'Le Chatean Noir,' painted bound 1904, soared to \$11.55 million. Scalding hot when beauty combines

with myth. One of Van Gogh's self-portraits, painted at Saint-Remy, followed the Cezanne. It is not the master's greatest, but it is profoundly moving with its distranght expression of self-searching. Carried along by the Van Gogh myth, it became the second most expensive painting by the master at \$71.5 million after a dramatic contest between two anonymous bidders

By Ralph Blumenthal and Carol Vogel

quietly developing plans for a large new branch to be designed by the Los Angeles architect

Frank Gebry and built at the Hndson

River on Pier 40 off Houston Street,

people who were consulted on the

Ine proposed museum, part of a growing empire of Guggenheim out-

posts, including those in Spain and.

Germany, would be built on state land

in the middle of a new shorefront state

Solio, Manhattan's two major art cen-

building to rise in the city since the

Whitney in 1966 and penhaps the higgest change in the West Side sky-line since the \$500 million glass-

sheathed New York Convention Cen-

ter opened in 1986.

Like all projects affecting the eco-

logy of the Hudson River, the museum

plan would have extensive federal,

state and local review. Approval from

the Army Corps of Engineers would

It would be the first major museum

park, a 10-minute walk to Chelsea or as new collections and to expand its

and video.

EW YORK - The Solomon

R. Guggenheim Museum is

fighting it out over the phone. ...

By contrast, icy winds rise the minnte a highly important work is saddled with an estimate blatantly reflecting a consignor's financial ambitions rather than the experts' considered opinion about its likely value. That was vividly il-Instrated at Sotheby's on Monday night when a bronze head by Brancusi fell unsold at \$7.6 million.

Yet, Sotheby's sale on Monday, which looked good, went rather well despite the icy atmosphere. The financial success was undeniable: \$86.5 million for 33 of the 37 lots from the corporate collection of Reader's Digest, which was built up by its founders, Lila Acheson Wallace and her imsband, DeWitt Wallace, is no mean achievement, and a further \$37.2 million for works from various owners further enhanced it.

There were striking scores reflecting the desperate competition now triggered by works deemed to be of cardinal importance. Alberto Giacometti's bronze "La foret sept figures et une tete," which indeed shows seven spindly figmes on a rectangular pedestal from which there also rises, oddly, the bust of

 $The\ Guggenheim, to\ Bilbao\ and\ Back$

extend beyond the pier and into the

Gehry also designed the \$100 mil-

lion museum that the Guggenheim

opened a year ago in Bilbao, Spain. The museum, with its rakish silhon-

ette, sweeping curves and titanium skin, has attracted more than 1.4 mil-

lion visitors and millions of dollars in

the last year to the old Basque river-

front city.

The proposed new museum in Man-

hattan could cost four times as much,

with some prospective donors already

offering support, people at the mu-seum said. It would allow the Gug-

genheim to exhibit more of its per-

manent holdings of modern art as well

programming greatly, beefing up areas like photography, architecture

genheim's director, declined to dis-

cass the project this week. Other of-ficials at the museum said it was

simply an idea in the early stages of

development. Gehry, however, has already produced architectural draw-

ings for the building.
The museum has also assembled

figures on the project's economic ben-

efits, contending that in the first two years of operation, the new museum

Gehry and Thomas Krens, the Gug-

a man, is one of those. It set the record for Giacometti at \$7.4 million. The buyer, amusingly enough, was Simon de Pury, formerly one of Sotheby's key men and now an art broker and consultant. With his mobile phone to his ear, he bid relentlessly right up to the top.

A second record was established as one of Modigliani's portraits of Jeanne Hebuterne, done in 1919, sold for \$15.2 million. There are greater Modiglianis, but they are in museums.

Another telling indication of the growing awareness that supplies are running out is the interest in works executed by artists at the height of their creative phase even when these do not quite live up to it. On Monday, Monet's view of the Re Saint-Martin typified the early blossoming of Impressionism and its love of springtime landscapes. Unfortunately, the sky misses out. That did not stop the Monet from making it to a anbstantial \$5.94 million.

The painter's "Waterlilies" series is now recognized as the high point of his later phase. A large version, obviously found lying in his studio by the executors of the estate, as witness the stamped

would generate \$1 hillion in tax rev-

for the city and state.

enues, extra tourism and employment

not yet been consulted, although Krens

was said to have held a discussion

about it last summer with Governor

George Pataki, Zenia Mucha, a

spokeswoman for the governor, did

not respond to calls about the matter.

bectares), the largest pier jutting into the Hudson on Manhattan's West

Side, sitting amid the new five-mile

Hudson River Park established by the

state legislature. Work nn the 500-acre

park, which runs from Battery Park

City to 59th Street, has just begun and

is scheduled to last until 2003. Pier 40,

on state-owned land, is now occupied

by a three-story garage, which also has

soccer fields on the roof and some

It is not yet clear how the museum

would fit into the lengthy sliver park

and the anticipated commercial de-

velopment planned for as many as 19

repovated piers within the park area.

Community leaders questioned about the plan said that it was the first they

had heard of it and that they would not

want the museum to supplant or dom-

inate an important segment of the

areas for community use inside.

Pier 40 is, at nearly 15 acres (6

City and state officials said they had

signature, looked like some abandoned half-finished essay. To squeeze \$9.9 million nut of that is quite a feat, and so is the \$11 million extracted for an unremarkable view of L'Estaque, Cezanne's beloved family house in Provence.

As the Reader's Digest sale ended, few could doubt that money is ready to pounce on art. So why the string of failures that marred the \$37.2 million sale that followed? For the same reason that defeated the Brancusi at anction (Sotheby's sold it privately within 24 hours):

There is a price limit to everything.

If systematic, inflated "estimates" induce reactions of defensive rejection. Sotheby's found a buyer at \$904,500 fmr. Sisley's "Le Loing a Saint-Mammes," hardly the artist's greatest work, but failed to get away with Monet's "Bords de la Seine, Un Coin de Berge," which was unsold at \$2.1 millinn. Beautiful in the location of the series of the the lower part, this is shoddily done at the very top, perhaps even unfinished. Later, Cezanne's "Le Pont et le Barrage a Pontoise" was nnt so wonderful as to warrant a \$8 million to \$10 million estimate. Bought in, it was again negotiated privately by Sotheby's.

If anction imuses wanted to show that they do not take their own estimates too seriously, they would not proceed otherwise. The reason for their excessive estimates lies in the naive belief, widespread among speculators, that printing these boosts prices. Fearful of losing sales to the competition, auction houses often give in. On the second day, at the end of Tuesday night's Contemporary Art sale, Sutheby's top brass effectively admitted that they knew that one major work, Jasper Johns's "White Numbers," stood little chance of matching the printed estimate: "We can only advise consignors; they make the decision." Never did auction houses come so close to conceding that they side with

the vendor. The system is warped.

For the moment, things have not gone too far. Tuesday night was a success for Sotheby's with its 27 works from the Morton G. Neumann Family Collection. A Cubist Picasso portrait of 1909 was well sold at \$11 million even if this matches Sotheby's low estimate." The Contemporary Art sale netted \$24.6 million, emphasizing the easy flow of money despite the difficulty in providing estimates in this field. After all, you can never say for sure whether the public looking at three vertical color bands will see it as a joke or as art worth the \$1,487,500 that Brice Marden's "Yellows" cost that night.

It is not any easier to put a price on a hit of scribbling on white canvas in the manner of a 6-year old, enhanced with color stains. True, Cy Twombly's signature helps — that would seem to account for the \$662,500 given for the atitled" wark perfected over an

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One of Modigliani's portraits of Jeanne Hebuterne set a record.

eight-year period, 1964-1972. Art of that ilk added up to \$24.6 million and by the end of Tnesday, Sotheby's had sold \$197 million worth of art.

Christie's took over on Wednesday night with a mixed assortment in which the public response ranged from pleasure to wild enthusiasm. One of Paul Signac's most beautiful seascapes ever in the Pnintillist manner, of 1891, appropriately climbed to a record \$4.4 million. An admirable, and quite unusual Monet, 'Canotiers a Argenteuil,' monumental in its golden light, soared to a stiff \$9 million. Even uncharacteristic works such as a beautiful still life - flowers in a vase - from Van Gogh's Parisian phase in 1886 were in

demand. That one cost a European col-

lector \$959,500. The \$44.9 million sale thus served as a warm-up for the Thursday night session, which was an unprecedented triumph for Christie's.

A record was promptly set for Mag-ritte at \$5.72 million ("Le Tombeau des Lutteurs"), only to be beaten three lots down at \$7.15 million ("Les valeurs personnelles"). These scores paved the way toward the high point, the Van Gogh \$71.5 million self-portrait, more than two and a half times the high estimate.

Ironically, that too shows in its way that the barometer has been broken, making weather forecasts in the market landscape virtually impossible. Failures and dizzying successes will increasingly go hand in hand. The road is bound to be humpy.

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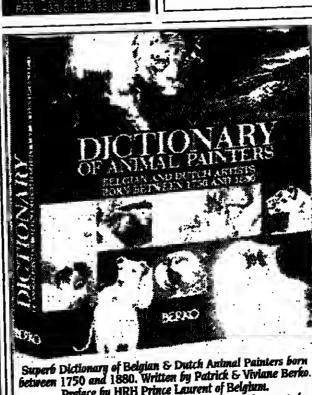




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Continued on Page 16

صكذامن الأصل

Daewoo Attempts to **Allay Fears**

Chaebol Must Sell Assets To Survive, Nomura Says

By Don Kirk

SEOUL - Daewoo Group, South Korea's third-largest conglomerate, fought back Friday against reports and rumors that it might be the next conglomerate here to face dissolution and possible bankruptcy of some of its companies.

Clearly stung by highly critical evaluations from foreign securities firms, Jang Byung Soo, president of Daewoo Corp., the group's trading arm and construction company, said the group would wind up with a substantial profit for the year.

One report, from Nomura Securities

of Japan, said that the group had "survived solely on liquidity procured through the issuance of bonds" and that the group was "likely to face huge dif-Daewoo's "only survival option,"

Jid the report, was "through the sale of assets."

Mr. Jang dismissed as "totally groundless" reports that Daewoo might have to sell off some of its subsidiaries to keep major affiliates from going bankrupt. He blamed the group's financial troubles in the first six months of the year to "additional loans" that the group had to obtain to take over Ssangyong Motor Co., a small motor-vehicle manufacturer

that Daewoo bought last December.

"This year, all units will make a combined net profit of 670 billion won," or \$520.7 million, Mr. Jang said. "The group will have no particular cash-flow problems."

Mr. Jang discussed Daewoo's troubles: while the group was struggling to combat not only the impact of Nomura's report, but also of brain surgery a week ago that was performed on the group's chairman, Kim Woo Choong.
Mr. Kim, 62: was recovering suc-

cessfully from the surgery, company of-ficials said, but was still not able to function full-time in his positions as chairman of the group and as chairman of the Federation of Korean Industries, which represents the owners of the com-

try's conglomerates, known as chaebol.
Mr. Kim's illness raised the question: of who might succeed him at Daewon, which he founded as a textile company after the Korean War. Mr. Kim's eldes son died in a car accident, and he has exercised tight control over operations throughout the group's history.

Analysts said they believed that Dae-

woo, after years of expansion in motor. vehicles and other ventures, was the most vulnerable of the country's leading chaebol. In recent years, Mr. Kim has traveled widely, buying motor-vehicle plants in Poland, Romania, Ukraine and Uzbekistan and has begun to sell Daewoo cars in the United States, while also increasing capacity in South Korea.

A sign of the group's difficulties, however, was its decision Tuesday to float \$380 million in corporate bonds in an effort to obtain cash in place of the credit that it normally would receive from banks. While rolling over Dac-woo's loans, Daewoo's banks have been extremely rejuctant to extend fresh credit, according to securities analysts.

The Nomura report, widely publicized in the South Korean media, said that in the third quarter of this year Daewoo had issued 9.2 trillion won of corporate bonds, 27 percent of the country's bond issue

The report said that restrictions by the government on bond issues had posed an enormous problem for the group. "We question whether it has companies or assets attractive enough to entice buy-the report said. "All in all," it said, the group "is expected to face even tougher times ahead."

The Nomura report said the firm was no longer providing information on Daewoo Electronics or Daewoo Heavy Industries, two core companies.

"Daewoo is in the most trouble of any major chaebol," said Stephen Marvin, research director at Jardine Fleming Securities. He rated Hyundai Group, South Korea's largest chaebol, as the next most vulnerable among the top five.

6.



While still mostly focused on cars, Toyota has recently been increasing its investments in an array of businesses. Here are some examples and Toyota's percentage of control.

CHIYODA FIRE AND **MARINE INSURANCE 37% KOKUSAI SECURITIES 10%**



LIFE CREATION 40% Sports, camping facilities, offroad driving course operator-TOYOTA EPOCH LIFE 95% Off-road driving course

operator TOYOTA MIZUNAMI **DEVELOPMENT 45%** Golf course operator

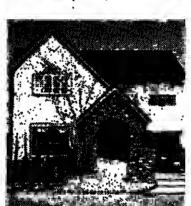
ZENRIN 5%



Seas Evente **CREST HOMES 98%** Prefabricated and imported-home

TOYOTA WOODYOU HOME 41% Land development, custom homes

real estate developer



NIPPON IDO 63%

Mobile telephones INTERNATIONAL DIGITAL

COMMUNICATIONS 18% International phone service **TELEWAY JAPAN 53%**

Long-distance phone service

Auto Paris

TACTI 80%

parts

Toyota's Troubles

A Move Away Higher Sales, From Autos?

By Stephanie Strom
New York Times Service

TOKYO — For years, investors have nagged Toyota Motor Corp. to put its huge pile of cash — some \$20 billion at last count — to work.

But now, as Toyota's profit falls, the company has taken a hammer to

its piggy bank, and those same inors are questioning the way some of the money is being spent.

Over the summer, Toyota raised its stake in Chiyoda Fire & Marine Insurance Co., increased its holdings in

a brokerage firm, Kokusai Securities Co., and bought control of a longtime affiliate, Daihatsu Motor Co., a smallvehicle manufacturer. It spent more than \$450 million in the process, almost 10 percent of its estimated operating profits for the fi-

nancial year that ends in March. The company has justified past investments in software and telecommunications as keys to its future as it develops alternative engines, "smart

cars" and the infrastructure to support them. Indeed, roughly two-thirds of Toyota's investments are clearly auto-related.

See TOYOTA, Page 15

Lower Profit

TOKYO - Not even solid sales in the United States and a weak yen that made those sales more valuable could save Toyota Motor Corp., Japan's largest car manufacturer and one of its most financially sound companies, from a decline in profit, the company

reported Friday. Expenses largely unrelated to Toyota's core auto business chipped away at the company's consolidated earnings, which fell 20 percent, to 192.6 billion yen (\$1.61 billion), in the six months that ended Sept. 30.

Of Japan's top five car manufac turers, only Honda Motor Co., which makes three-quarters of its sales out-side Japan, and Mazda Motors Corp., which has slashed costs, posted a profit increase in the same perind,

Toyota said that sales increased 11.4 percent, spurred by gains in North America and Europe, and income on an operating level crept up 1.2 percent. Cost-cutting measures and higher exports offset a 14.4 per-

cent drop in domestic sales. But higher depreciation costs be-cause of plant expansion in the United States and Canada and other expenses,

See PROFIT, Page 15

Central Bankers Rebuff Lafontaine

Led by Greenspan, They Reject Exchange-Rate Trading Bands

By John Schmid

tional H*erold* Tribune

FRANKFURT — Some of the world's most powerful central bankers rejected calls for currency exchange target rates Friday and warned European governments that political pressure on the new European Central Bank could damage trust in the single currency. The notion that exchange-rate trading

bands should be imposed to curb the sort of destructive flows of speculative "hot money" that triggered the Asian economic crisis is an "illusion," said Alan Greenspan, chairman of the U.S. Federal Reserve Board, at a central hankers'

meeting in Frankfurt. A volley of unvarnished comments by typically cantious central bankers suggested that the proposal, which has been a cornerstone of economic policy by the new German finance minister. Oskar Lafontaine, can now be called dead, said Adolf Rosenstock, international economist for Nomura Interna-

"That is a first-class confirmation that this initiative is coming to an end," he said.

In recent days, Mr. Lafontaine has begun to back away from his initiative, which his administration initially vowed to put on the international agenda when Germany assumes the rotating chairmanship of the Group of Seven leading industrial nations next year.

For Mr. Lafontaine, the bankers' convention amounted to another setback in his hopes to assert his authority over policy in Bonn's new Social Democratic government. This week, Mr. Lafontaine's undersecretary at the Finance Ministry, Heiner Flassbeck, was denied the powerful post of representing Germany at international economic summit meetings - a role that traditionally

would go to him.

Political pressure for looser lending rates after the German elections in September gave the European Central Bank, which will manage monetary policy for the 11 nations adopting the euro Jan. 1, the first test of its an-

Central bankers have consistently as-



Rolf Breuer of Deutsche Bank speaking to bankers in Frankfurt on Friday. At left, Wim Duisenberg; center, Eddie George, Bank of England.

serted the need for the new bank to be independent, a message they reiterated Friday in Frankfurt, home of the European Central Bank.

Mr. Greenspan called Mr. Lafontaine's call for regulation of exchange rates flawed, saying it "is just not feasible or credible.

Markets would view foreign-ex-change bands with great skepticism,

with good reason," he said.
Mr. Greenspan's criticism of Mr. Lafontaine was poignant, for the German has taken pains to laud Mr. Greenspan for his recent reductions of U.S. lending

Wim Duisenberg, president of the European Central Bank, agreed with Mr. Greenspan, saying that exchange rate target zones were "not sustainable." Mr. Duisenberg pledged that the European Central Bank would consider exchange-rate targets "only in excep-tional circumstances," if the euro showed a "clear and persistent mis-

Eddie George, the Bank of England governor, also said it would be impossible to fix exchange rates. Trading bands that are too wide are "meaningless" and tighter bands are "impossible," Mr. George said.

Hans Tietmeyer, the Bundesbank president, warned that calls for lower interest rates — which he likened to a "political siege" on the new central bank's autonomy - threatened to un-

dermine the single currency.

"The international role of the euro and global interdependence increase the damage that such conflicts can poten-

tially cause," Mr. Tietmeyer said.
The euro, which is sure to gain "international importance," cannot afford to be weak, Mr. Tienneyer continued. 'It cannot be in the interests of either the United States or of Europe for each

other's currency to be weak. The success of the euro will depend on how credibly the European Central Bank plays its role, Mr. Tietmeyer

Damage in situations of conflict is limited as long as the markets remain convinced that the European Central Bank and its decision makers are in-

dependent," be said. That the euro will become a major international force after its introduction

was not questioned Friday. 'It would be completely inconceivable, not to say disastrous, if the euro were unable to gain international im-portance," Mr. Tietmeyer said.

U.S. Banks **Get Tough** On Lending

WASHINGTON - A survey of bank lending this mouth found "a broad tightening of husiness lending practices" as bankers grew increasingly concerned about the U.S. economy's prospects, the Federal Reserve System said Friday. The Fed said one-third of U.S. banks

had tightened their lending standards over the past three mouths, the largest portion since the last credit crunch, in

Bankers' wariness was growing even though the Federal Reserve, at the time of the survey, had twice cut short-term interest rates in an effort to support investor and consumer confidence. Since then, it has cut rates again.

"The survey results suggest a broad tightening of business lending practices," the Fed said. "Citing increased concern over the economic outlook, a large share of the participants indicated they had firmed standards and terms on loans to large and middle-market businesses and on commercial real estate

The Fed first detected tightening credit conditions in a survey in mid-September, after the U.S. stock market plunged during a wave of financial turmoil that swept the globe after the col-lapse of the Russian ruble.

Though markets have recovered since then, the new survey "found little evidence of any changes in lending practices on loans to households. Some banks said they had become more willing to make consumer installment loans, but others said they had tightened standards on credit cards.

In September, large businesses were most affected by tighter credit, the Fed said. But this month, the difficulties had spread to medium-sized business borrowers and "some banks also reported having tightened standards and terms on loans to small businesses," the survey said.

The survey showed that banks were raising their spreads — the difference between loan rates they charge and their own cost of money — and charging higher premiums on riskier loans. At the same time, banks were seeing increased demand for commercial and industrial loans, with 25 percent of U.S. banks citing a pickup in this area of the business in the latest survey. (Bloomberg, AP)



VIICROSOFT WARNED IN JAPAN — A clerk in a Tokyo shop checking Microsoft software Friday, the same day Japan's Fair Trade Commission warned the corporation to stop promoting its software unfairly. Page 12.

Havas Takes On Learning Co. In Educational Software Battle

PARIS - Havas SA of France agreed Friday to acquire the software arm of Cendant Corp. for as much as \$985 million in cash, putting it neck-and-neck with Learning Co. as the world's largest

maker of educational software. Havas, owned by the French water utility Vivendi SA, will pay an initial \$800 million and as much as \$185 million more, depending on profit and sales at the Cendant unit, whose products include the trivia game "You Don't Know Jack" and the "Math Blaster" tutorial. The unit's revenue is expected to rise to more than \$600 million in 1998 from \$433.7 million in 1997.

Using cash flow from its utility business. Vivendi is pushing into telecom-munications and media. This year, it bought out Havas, the higgest French publisher, and took control of the on-line service AOL France. Cendant, a U.S. direct-marketer and franchiser recently stung by accounting irregularities, has been selling assets to help lower its \$4 billion in debt and buy back stock.

For Vivendi, "this is quite a smart move in a strong growth sector and at a good price," said Manuel Chaves de

Oliviera, who helps manage a multi-media investment fund at CPR Gestion. Analysts expect the market for computer education and educational-game software to grow 15 percent per year in the next five years in the United States and 25 percent per year in Europe. The U.S. market is worth \$2.25 hillion and its European counterpart is worth \$1.3 billion, according to Merrill Lynch & Co.

The main competitors include Mi-

crosoft Corp., Hasbro Inc., Walt Disney Co. and Electronic Arts Inc. Learning Co., hased in Cambridge, Massachusetts, bought Broderbund

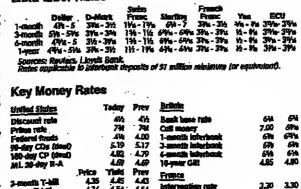
Software Inc. in August. Cendant, whose franchises include travel businesses such as Ramada hotels and real-estate brokerages such as Century 21, is selling assets following the discovery this year of accounting problems in a recently acquired division that offers discount shopping and other ser-

vices to fee-paying members. The irregularities forced the company to restate its profit for the past three years. Cendant shares rose 56.25 cents to close at \$15, while Vivendi shares closed at 1,355 French francs (\$241), up

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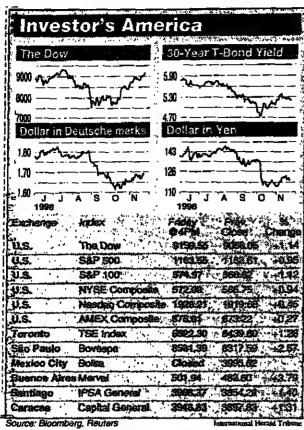
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Very briefly:

*Federal Reserve Buard policymakers, when they met Sept. 29, readily agreed that they needed to cut interest rates to cushion the impact of financial market turnoil on the U.S. economy. But in the first of three cuts this year, they sought to stood creating "an exaggerated impression" of the economic risks ahead, according to minutes of the meeting.

Hayes Lemmerz International Inc., a maker of wheels and brake parts, is acquiring CMI International Inc., a privately sheld auto-components supplier, in a deal worth \$605 million. Continental Airlines Inc. bought 10 767-200 long-haul pairliners from Boeing Co. for its European and South Amerrican routes in an order worth as much as \$930 million.

Volkswagen AG's Brazilian unit is extending temporary layoffs of 12,000 workers by two weeks, to Jan. 11, according to a newspaper report. The company also announced a voldintary buyout program that aims to cut at least 1,200 jobs.

 Dow Chemical Co. is leaving magnesium production and closing its Freeport, Texas, plant. WP. Reuters. Bloombers

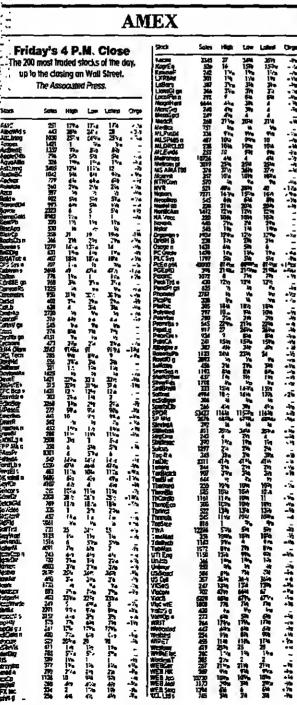
FedEx Pilots Delay Strike Vote

"MEMPHIS, Tennessee — Leaders of the pilots union at Federal Express Corp. agreed Friday not to call a strike during the husy holiday season and offered to resume contract talks based on the company's last offer.

': A union spokesman said that a strike would do too much damage to the No. 1 overnight-delivery company, which is owned by FDX Corp. The union will delay a count of strike ballots set for Dec. 3, tell its 3,300 members to resume offing. working overtime and take no other joh actions for 60 days.

The union's move followed a letter from FDX's chairman. Frederick Smith, vowing to keep running the husiness without the pilots. But he said strike preparation had cost too much and that the company's last offer was 'no longer valid.'

Jan. 1, 1992 = 100	Levol	Charige	% change	year to dete
World Index	194.51	+ 2.88	+ 1.50	+ 13.01
Regional Indexes				
Asia/Pacific	91.38	+ 1.38	+ 1.53	4.88
Europe	225,12	+ 4.05	+ 1.83	+ 16.62
N. America	270.12	+ 3.01	+ 1.13	+ 25.06
S. America	95.02	+ 1.49	+ 1.59	37.76
Industrial Indexes				
Capital goods	272.01	+ 1.43	+ 0.53	+ 31.68
· Consumer goods	244.36	+ 3.59	+ 1.49	+ 16.51
Energy	199.61	+ 3.10	+ 1.58	+ 2.39
Finance	133.68	+ 3.15	+ 241	+ 8.72
- Miscellaneous	178.49	1.06	 0.59	+ 19.09
. Raw Materials	171.85	+ 1.93	+ 1.14	+ 2.76
Service	202.99	+ 3.30	+ 1.65	+ 16.45
Utilities	180.28	+ 2.29	+ 1.29	+ 8.04
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Mark Falls Amid Signs Of Rate Cut

NEW YORK — The dollar rose against the Dentsche mark Friday after a bigger-than-expected decline in German producer prices suggested to some traders that European interest rates might fall after the adoption of the single currency next year.

'Interest rate differentials are starting to swing back in favor of the dollar, said Rubert Katz, a currency trader at MTB Bank. The dollar also rose against the yen after Finance Minister Kiichi

FOREIGN EXCHANGE

Miyazawa of Japan ruled out an

immediate reduction in the national sales tax, even though many economists say such a cut would help lift Japan from recession.

'Miyazawa threw some cold water on hopes" for a tax cut, said David Factor, senior trader at American Express Bank. "A reduction in the consumption tax would be posiove for the yen' because it would encourage consumers to spend more, he said. In 4 P.M. New York trading, the dollar climbed to 120.380 yea from

119.985 yen Thursday. It rose to 1.6924 DM from 1.6869 DM. Mr. Miyazawa's remarks came a day after Prime Minister Keizo Ohuchi announced a plan to form a coalioon with the Liberal Party, Japan's third-largest opposition party. Mr. Obuchi had said the coalition would review the 5 percent sales tax and consider a Liberal Party pro-posal to cut income taxes by 10 trillion yen (\$83.61 hillion) instead of the 4 trillion yen in the gov-

Japan raised the sales tax from 3 percent in April 1997, plunging the economy back into recession just as it had appeared to be picking up steam.

ernment's current package.

In Germany, producer prices fell an annualized 1.2 percent in October. The report, along with one Thursday showing weaker-than-expected business confidence in Western Germany, suggests that the European Central Bank may cut short-term interest rates early next year, traders said. But so far, European central bankers have not indicated that such a cut is in the

The dollar rose to 5.6755 French francs from 5.6588 francs and to 1,3935 Swiss francs from 1,3881 francs. The pound slipped to \$1.6565 from \$1.6668.

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Financial Shares Help Blue Chips Sustain Rally

NEW YORK - Blue-chip stocks led the broader market higher Friday as financial shares rose on expectations that lower U.S. interest rates will stimulate corporate profits.

At the close, the Dow Jones industrial average was up 103.50 points at 9,159.55 and the Standard & Poor's 500 index was up 10.94 at 1,163.55. Advancing issues outnumbered declining ones by a 4-to-3 ratio on the New York Stock Exchange. The Federal Reserve Board's de-

cision this week to cut the benchmark U.S. lending rate, the federal funds rate, for the third time in two months, continues to give life to a rally that has seen stocks climb back to within hailing distance of their record highs. 'Six weeks ago, no one would

U.S. STOCKS

changes are that the authorities in all. parts of the world are taking steps to head off the worst fears that people had of a global deflationary reces

Merrill Lynch rose 314 to 71 on expectations that brokerage firms' profits will be lifted by the rebounding markets. Bankers Trust was up 51/2 at 771/2 and Bear Stearns was up 2 15/16 at 38 11/16. American Ex-. press rose 214 to 1041/a. J. P. Morgan rose 3 5/16 to 109 11/16.

pany offset continuing gains in Internet stocks.

BEA Systems, a maker of so-called middleware, programs that link transactions within company after it surprised investors by warnand elsewhere had cut orders.

"It's not an issue of losing to competition; companies just aren't willing to sign the checks," said Sophia Chiang, an analyst at Goldman, Sachs & Co.

Gains in the Nasdaq composite tinued their rally. Amazon.com, the index were subdued — it closed up on-line book retailer, which has

have dreamed we would have come 8.53 points at 1.928.21 — as selling soared all week, continued its ryc back so fast," said Alfred Kugel, driven by concern about slowing after announcing a 3-for-1 stock senior investment strategist at Stein sales at a computer software com- split, the second split this year. It Roe & Famham Inc. "The real pany offset continuing gains in In- was up 27% at 180%.

Shares of the latest Internet company to go public — Computer Literacy, which delivers computer training materials on-line — also databases in far-flung sites and com-puters, tumbled 13 1/16 to 13 5/16 The shares rose 9 15/16 from their offering price of 10. The 3-million ing that economic problems in Asia share initial offering was revived early this week after having been delayed in October because of un-

favorable market conditions. The prices of Treasury securities ophia Chiang, an analyst at Gold-nan, Sachs & Co.

But other technology stocks con-nued their rally. Amazon.com, the (Bloomberg, Reuters)

Judge Rejects Microsoft Complaint on Video

WASHINGTON — Government during the trial was "more about he is and how great his memory is, software to hurt competitors.

And what you find is this astonishing lack of recall limited to issue of the case." attorneys have complained that the Microsoft Corp. chairman, Bill Gates, has been evasive, answering with "I don't knows" and long pauses throughout his videotaped deposition in the antitrust case show the video excerpts.

against the software company. A federal judge seems to agree.
"I think it's evident to every spectator that, for whatever reasons, in many respects, Mr. Gates has not been particularly responsive to his deposition interrogation," U.S. District Judge Thomas Penfield Jackson said in a meeting Thursday with attorneys involved in the anotrust

Microsoft lawyers had requested the meeting to voice a complaint of their own: that Instice Department attorneys were playing brief ex-cerpts of Mr. Gates's testimony, culled from 20 hours of quesconing over a three-day period last summer, rather than a single, long clip.

According to a transcript of the eeting, a Microsoft attorney, John Warden, contended that the government was using the video the purpose of an audience outside the courtroom and for the purpose of creating news stories day after day. But Judge Jackson disagreed.
"If anything, I think the problem

is with your witness, not with the way in which his testimony is being presented," he told Mr. Warden. Mr. Gates is not among the 24 vitnesses scheduled to testify in the trial. The court has allowed parts of

his taped testimony into evidence. Microsoft's complaints over the tape mirrored those lodged by Mr. Gates in a telephone interview Wed-

- 2737 12-1 - 50 12-31 - 57 12-1 - 58 11-30 - 12 12-37 - 19 12-4

O 31 124 G 2258 12-1 G 46 12-31 O 34 12-17

But a Justice Department attor- critical relevance to this case." ney, David Boies, said the government had "an absolute right" to

throughout the company and by himself as an intimate, hands-on man-ager," Mr. Boies said. "Everybody in the company, including himself.

Judge Jackson, who is hearing the

case without a jury, said he found show the video excerpts.

the government's piecemeal use of 'Mr. Gates is the person who, except in this lawsuit, is recognized throughout the company and by himthe legal system in any respect."

In testimony Thursday, a gov-ernment witness said that Microsoft

had used its dominance in computer

Under cross-examination, Frederick Warren-Boulton, who was chief economist for the Justice Department's antitrust division in the administration of Ronald Reagan, said that Microsoft held monopoly power because it had the ability to set prices for its products in a way

that excluded competitors. "I believe Microsoft has raised prices over the competitive level' because of its lack of rivals, he said.

B

Microsoft Broke Japan's Fair Trade Laws

The Associated Press

crosoft Corp. violated the country's . anti-monopoly laws by promoting software in a way that put competitors at a disadvantage, the commission said Friday.

The trade watchdog issued a warning to Microsoft and its Japanese subsidiary against engaging in unfair business practices following an investigation that began in

The commission said Microsoft attempted to unfairly restrict competitors' access to the market by bundling pre-installed word-processing and spreadsheet software, said Kanichiro Nakanishi, a commission spokesman.

Microsoft Co., the wholly owned Japanese subsidiary of Microsoft Corp., issued a statement in Tokyo Friday saying it had already_voluntarily stopped the practices cited

ticipate having to make any addi- central to the Justice Department's TOKYO — Japan's Fair Trade tional changes in its marketing activities in Japan.

> ware giant based in Redmond. has no bearing on the U.S. case. Makoto Naruke, the president of

commission's investigation and was year, the Microsoft lawyer said. confident that his company had acted in accordance with the law. A company official speaking on

protest the ruling. browser software.

Brad Smith, general counsel for it also collected information international affairs at Microsoft's about Microsoft's word processing

headquarters, said that in a way the program Word and spreadsheet Exruling was positive for the company-because the commission decided not to pursue separate allegations, software controls the basic funcinvolving dominance over Internet tions of 85 percent of the world's by the commission and did not an- services. Similar allegations are personal computers.

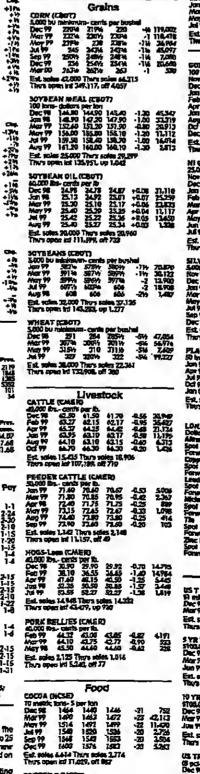
case against Microsoft. Microsoft had contracts in Japan The admonition came as the soft- where companies offering Internet ware giant based in Redmond, access were promoted via a list Washington, faces antitrust allega-tions in a high-profile case in the United States. The Japanese ruling agreed to promote Microsoft's Internet Explorer browser.

Those contracts were criticized Microsoft Co., said in the statement for being exclusionary, and Mithat he welcomed the end of the crosoft modified them earlier this

In January, agents from the com-mission raided Microsoft's Tokyo offices, confiscating information about Microsoft's Windows opercondition of anonymity said Mi- about Microsoft's Windows oper-crosoft did not plan to formally ating system and Internet Explorer

Microsoft's Windows operating

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EUROPE

U.S. Investor Takes On the Taittinger Family

PARIS - Asher Edelman, a U.S. investor, asked a Paris court Friday

The 58-year-old investor, who owns 12.5 percent of Societe du to buy Societe du Louvre, which Louvre, wants a court audit of salaries and company property makes Baccarat crystal. Analysts provided to the Taitingers. He also say the company, whose earnings wants investigations of such transmore than doubled to 155 million actions as a loan to Euro Disney francs (\$27.6 million) last year, is a SCA in the same year that the chief prime takeover target. executive of Societe du Louvre held "This is a fast-growing company and believe the courts will a top post at the theme park, actual works well," said Patrick Lefairly." Mr. Edelman said.

cording to court documents.

"All these questions are aimed at

shedding light on the management to look into the pay and perks that of Societe du Louvre," the doc-Societe du Louvre SA, a French hotel operator, gives the Taittinger unents say, adding that it appeared that the management favored "the

Mr. Edelman has tried three times

By Robert O'Harrow Jr.

Washington Post Service

criticizing a series of guidelines proposed by the Commerce Department to help U.S. companies com-

ply with new privacy regulations in Europe. The recommended guidelines are vague and could put

The agency made its proposal public last week and asked industry officials and others whether the

guidelines would be help U.S. businesses comply

with the tough new privacy laws that took effect in 15

European Union member countries last month.

hibit the transmission of names, addresses and other

personal data to any country whose regulations fail to

provide adequate data protection. European officials

have said the United States probably does not meet

Under the EU laws, member countries must pro-

American companies at risk, they say.

Thursday was the deadline for comment

WASHINGTON - Legal and privacy experts are

grand, a Paris-based fund manager at International Capital Gestion.

clined to comment on Mr. Edelman's Taittingers, who control 54.5 percent not interested in Mr. Edelman's overtures and do not want to sell.

The Paris commercial court confirmed that the documents were on file and that a hearing would be held next week. "We, the minority shareholders, have an excellent case and believe the courts will treat us

Privacy Guidelines Draw Criticism

-sharing practices.

According to the documents, Mr. Edelman took court action after re-Societe du Louvre management de- ceiving unsatisfactory answers to questions asked at Societe du request for a judicial auditor. But the Louvre's June 2 shareholders meeting. While Societe du Louvre would of Societe du Louvre's voting rights not comment on the questions in Mr. through the Champagne company Edelman's court filing, at the sharebearing their name, have said they are holders' meeting, the new chief executive, Anne-Claire Taittinger, denied one of his claims: that management was taking advantage of its position by using company apartments. She said only one member of the family, who is a manager, was benefiting from a company apart-ment, a perk that is also extended to

nonfamily managers.

In developing its guidelines, Commerce officials hope to create a set of principles about data security,

individual access to information, enforcement of the

companies satisfy Europe's law, but still permit them

to continue many of their current data-gathering and

American businesses, and possibly leave companies

open to legal action by European privacy authorities,

"The guidelines may give American companies a false sense of security," said Joel Reidenberg, a law

professor and privacy specialist at Fordham Law

defended his agency's guidelines, which are known

as the "International Safe Harbor Privacy Prin-

about them in the coming weeks that will address

David Aaron, a U.S. undersecretary of commerce,

He said be would be releasing more details

even if they follow the Commerce guidelines.

But critics say the proposal would be confusing for

principles, and other matters that would help U.S.

Russia Can't Pay Back **Soviet Debt**

By David Hoffman

Washington Post Service MOSCOW - The Russian government formally confirmed Friday that it cannot pay back its obligations to foreign creditors, despite the earlier promise of Prime Minister Yevgeni Primakov that Russia would hooor all its debts.

Deputy Finance Minister Mikhail Kasyanov, in remarks that coofirmed what Western and Russian analysts have been saying for weeks, announced that Russia will not be able to pay more than \$10 billion of the \$17 billion in debt coming due on overseas borrowing

Mr. Kasyanov told Renters Television that Russia would seek relief next week on hundreds of millions of dollars in loans that were taken out by the former Soviet Union.

The debt was repackaged and assumed by Russia in agreements with the London Club of commercial creditors and Paris Club of sover-

eign creditors. Russia owes the London Club creditors about \$1.1 billion next year, and owes the Paris Club and

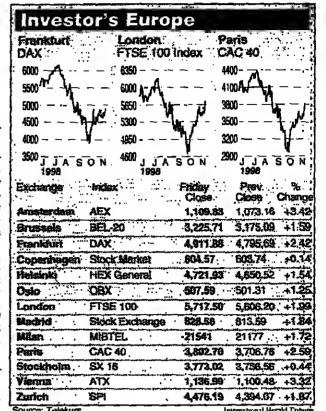
others about \$6.1 billion. The debt, which stems from the Soviet era, is only part of Russia's overseas obligations. Mr. Kasyanov said Russia would continue to service in full the Eurobond and other debt taken on since the collapse of the Soviet Union. "It will be un-

touchable debt," he said. Russia also must pay back \$4.6 billion to the International Monetary Fund next year. First Deputy Prime Minister Yuri Maslyukov was reported by Interfax to be discussing with IMF officials a possible re-

structuring of this debt as well. Meanwhile, Russia reportedly has reached a tentative agreement with private creditors, primarily banks, who held Russia's domestic debt, mostly short and medium-term ruble-denominated bonds.

Russia defaulted on the bonds at the time of the Aug. 17 devaluation of the ruble.

Russia has already missed payments on some of the Soviet-era debt and Mr. Kasyanov said talks may begin as sooo as next week on formally restructuring it.



Very briefly:

• Carlton Communications PLC has broken off talks on purchasing Arsenal Football Club PLC. The largest British broadcaster of free commercial television said it could not agree oo a price with the prestigious London soccer team.

The Consumers Association of Britain has called for an Office of Fair Trading investigation of Dixons Group PLC's pricing of personal computers, following criticism of the electronics chain's policies by the chipmaker Intel Corp. ...

 British economic growth slowed in the third quarter, to 0.4 percent, the government estimated, down from its previous estimate of 0.5 percent, reinforcing expectations that the Bank of England will cut interest rates further.

• German producer prices posted their biggest annual drop since 1991 in October, falling 1.2 percent from a year earber and 0.4 percent from September, led by nonprecious metals. against a 0.1 percent drop in September.

· Algroup confirmed talks "involving various degrees of cooperation" with VIAG AG, after news reports linked the Swiss maker of drug packaging and the German utility.

• France's trade surplus rose 61 percent, to a seasonally adjusted 20.96 billion francs (\$3.73 billion) in September, on stronger exports, including 12 Airbus airliners and military equipment. The surplus with the rest of the European Union rose 30 percent, to 8.2 billion francs, while the deficit with Japan narrowed 5 perceot, to 2.5 billion francs.

Mannesmann AG said its chief financial officer, Klaus Esser.

would succeed Joachim Funk as chief executive in 🐫 😬 Kvaerner A/S reported that two scheduled launch agree ments had been canceled for its SeaLaunch commercial satellite vecture, but the British-Norweigan company said Hughes Space & Communications Co. was obligated to find replacements to fill the slots. Bloomberg, Reuters, AFF

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Schroeder Admits Mistakes, Putting Blame on Haste

BONN - Chancellor Gerhard Schroeder acknowledged Friday, at the end of a grim week for his Social Democrats, that he had made mistakes in his first days in govern-

'Moving from opposition to govemment takes a certain time, and with self-criticism I would accept we have perhaps wanted too much too soon," he said on German television.

The center-left coalition of the Social Democrats and the Greens same under sharp criticism Friday is it introduced in Parliament legislation for new taxes on energy use. In the past week, economic institutes have panned Mr. Schroeder's policies, and even some political allies have expressed dismay over the coalition's early moves.

The so-called ecology tax plan would impose levies on fuel to fund cuts in high welfare charges on labor. But the plan suffered a setback as it emerged that the first of the taxes, which was to have been delayed until April: Opposition jeopardizing plans for a broader pan-members pointed to the delay and European alliance, people close to exemptions for heavy industrial, the talks said Friday... users of energy as examples of how

Free Democratic Party deputy.

BAe and Daimler Said to Discuss Joint Fighter

PARIS - British Aerospace PLC and DaimlerChrysler Acrospace AG of Germany are lining up a limited joint venture on fighter planes that

those standards.

The slow pace of restructuring in Mr. Schroeder's programs were be- the French aerospace industry has ing derailed.

Slower progress award a slower progress a slower progress a slower progress award a slower progress award a slower progress a slower pr ment is riddled with inconsisten- mary contractor. But the sources said of France. cies," said Carl-Ludwig Thiele, a. France would accept a German-

own domestic consolidation. British Aerospace and Daimler-

the warplane joint venture by early progr imposed in January, would be would let them build ties without next year, according to an executive delayed until April: Opposition jeopardizing plans for a broader pan- at a French defense company who at a French defense company who declined to be identified.

DaimlerChrysler Aerospace has denied that it plans an imminent merger with British Aerospace. It said talks were continuing between the two companies and Aerospatiale

But analysts said an arrangement British linkup limited to fighter air involving the fighter aircraft oper Lagardere Group.

craft, giving it time to focus on its ations of British Aerospace and DaimlerChrysler Aerospace made sense, noting that both companies Chrysler Aerospace could announce have interests in the Eurofighter jet

> The French source said Paris had been reassured that any British-German linkup would oot exclude France from joining a European alliance once it has completed its own reorganization. "There has been a

relaxation of tension," he said. France is planning to combine state-owoed Aerospatiale and the Matra High Technology unit of

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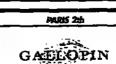
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ASIA/PACIFIC

Japanese Banks Line Up to Tap Bailout Fund Cellular Arm Investor's Asia Decade a Line Cong Strong St

By Sheryl WnDunn New York Times Service

TOKYO - After turning in meager half-year earnings, Japanese said they would ask for sums of tively, the requests from nine major banks announced so far could reach. 4.1 trillion yen (\$33.6 billion), which would easily exceed the \$16.7 billion drawn down by banks.

Continued from Page 1

day a \$195-billion package of

anese economy heard by Clinton

only one percent next year.

most optimistic forecast for the Jap- goal in 1999.

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Total Yaya

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12 July 1977

CLINTON: No Progress in Japan

day a \$195-billion package of Japan has frustrated the Clinton spending and tax cuts to increase administration's hopes to liberalize

investment and consumer demand. trade this year in nine specific eco-

The markets shrugged at the an-nomic sectors, including timber and

nouncement, and in a meeting Fri-fishing. The president said Friday day with private economists here the that he now hoped to achieve that

advisers was that it would shrink by mitted to a degree of bafflement.

oly one percent next year. The Clinton administration. Standing with Mr. Clinton, Mr. which has been criticized in the re-

muchi predicted "positive growth" gion as letting its policy on North next year. But Lawrence Summers, Korea drift, is worried that North

the deputy U.S. Treasury secretary, Korea may be preparing to build a offered a dimmer view. The recognicion that there is a risk of slow or underground site, in violation of a

negative growth is why there's a view 1994 agreement that it may be necessary over time to The United States wants to in-

do more," he said.

Friday mouning, Mr. Clinton suggested that a surge in imports to the
United States of certain types of
Japanese steel may be due to illegal

Mr. Clinton suginformed an American representative this week that they would grant
United States of certain types of
Japanese steel may be due to illegal

After Clinton sugfor hundreds of millions of dollars.

trade practices. He raised the issues Mr. Clinton called such condi-

in meetings with Mr. Obuchi in the tions "completely unacceptable." afternoon, but received no specific. He said that North Korea's inten-

assurances from Mr. Obuchi that he tions remained invisterious; adding

would address the matter, Mr. Sum-that it was unclear whether "they're

mers said.

- attempting to get more money out of Still, Mr. Summers said that Mr. Clin- various countries for doing what

ton's concerns onsteel "were very clearly they, ought to be doing anyway or heard" and that the Japanese showed in whiether they really are moving to-

"awareness here of the importance of ward a more hostile posture."

making sure that trade is by the rules in Prom Tokyo, Mr. Clinton flew for steel and other sectors."

In an unusually blunt speech, to where he will meet with South the American Chamber of Com-Korean leaders and visit U.S. merce, Mr. Clinton warned of the troops.

"Possibility of "retaliatory protectionist." By on Monday to Guam and then to sentiment could rise in the Toksted return to Washington on Monday States if its trade deficit continued to make the sentiment of the first trade deficit continued to make the washington on Monday States if its trade deficit continued to make the sentiment of the trade of the trade

States if its trade deficit continued to higher the state of the state

under a failed bailout scheme car-

mone pressures on financial insti- this financial year, Sanwa's prob- reported their bad loans under the tutions. Many of them are scaling lem loans rose to 2.4 trillion yen, up new reporting standards. Fuji Bank back their overseas operations, cutting down the number of branches culated under the old standard. banks have begun to step up to reoverseas and selling real estate hold-

strengthen their weak capital bases. number of banks reporting earnings.

So far, most of the banks have over the past two days rose modestly in the first half, at least seven major parpayers' money ranging from banks said that they were antici-52.5 billion to \$5 billion. Collec-pating losses for the full financial year ending March 31. Several banks are using the profits from core operations to write off bad debts.

Sanwa Bank Ltd. threw down a had applied a new stricter standard for evaluating bad debts. As a result of using this standard, which the and a mountain of at least \$650 government's Financial Superviso-

grow while Japan resisted opening

On North Korea, Mr. Clinton ad-

its markets.

In order to set aside enough of a for this financial year.

Sanwa is joining the rush by Japanese banks to exit overseas markets. In the next week it is expected to announce the sale of a large U.S. lending unit to Fleet Financial Group gannilet to other Japanese banks Inc. for about \$700 million, execution it announced Thursday that it utives said Thursday. The sale price the unit, Sanwa Business Credit.

On Friday, Bank of Tokyo-Mit-

It said that problem loans were quest funds from the government's ings and business units.

Soo billion bank ballout fund to Though core business profits at a Sanwa said it would apply for about percent drop from the figure calclosure standard, a surprising 50 percent drop from the figure calculated according to its previous communications company in the The bank said it planned to report a method, and that it had a cushion of world, said Friday that group net consolidated loss of 250 billion yen reserves equivalent to 68 percent of income in the fiscal first half rose 49 the newly disclosed problem loans.

Bank of Tokyo-Mitsubishi, which has indicated it does not plan to request public funds, said it expected to post a modest oct income of 55 billion yen in the financial year.

Sumitomo Bank Ltd., which re-ported a modest first-half profit of is aignificantly less than the \$2 bil-53.9 billion yen, projected a net coo-lion that Sanwa originally sought for solidated loss for the financial year of 240 billion yen. Much of the losses are expected to stem from disposal of billion in bad debt, there are enorry Agency will require by the end of subishi Ltd. and Fuji Bank Ltd. also bad loans of about 800 billion yen.



President Bill Clinton greeting some Japanese in the Ginza district of Tokyo on Friday, the final day of his two-day visit. He later ate at a tempura restaurant in the central part of town.

Nikko Cutting Staff and Operations

in Japan and effectively withdraw from overseas markets, reporting

cial services company, said it ex-pected to lose more than \$1 billion tring could save it about 80 bilon real estate and stock invest-ments that have numed sour and in itability by March 2000.

writing off loans to affiliates. As TOKYO - Nikko Securities part of the restructuring, Nikko will Co., the third-biggest brokerage also convert most of its branches in Japan, said Friday that it would fire 2,000 of its 8,500 employees will cost 830 more jobs.

Battered by deregulation of stock trading commissions and a that it expected big losses in its slumping domestic stock market, investment portfolio.

Nikko, which is part-owned by Citigroup, the largest U.S. finanthe half-year that ended Sept. 30.

Pushes Up NTT's Profit

percent as profit soared in its cellular phone unit

NTT reported profit of 264.9 billion yen (\$2.2 billion) for the six months ended Sept. 30. Sales grew to 4.71 trillion yen from 4.64 trillion

Susumu Fukuzawa, NTT vice president, said an increase in profit at NTT Mobile Communications Network Inc., or DoCoMo, the dom-inant cellular phone operator in Ja-

pan, more than compensated for a decline in NTT's core operations.

Over the past week, NTT's main rivals, DDI Corp. and Japan Telecom Corp., have announced earnings declines from cooventional phone services.

DoCoMo said Wednesday that its group net income for the six months more than doubled, to 154 billion yen, as the oumber of users rose sharply. The company controls 57 percent of Japan's cellular phone market with 37 million users. It expanded subscribers by 15.5 percent in the first half, slightly less than the overall industry growth rate of 16

NTT said that its rate cuts in February lopped 40 billion yen off the parent revenue in the half year ending Sept. 30. NTT cut the rate for a three-minnte daytime phone call to 90 yen from 110 yen.

The oumber of subscribers of conventional phone services dropped 2.6 percent, to 59.642 mil-

NTT, Japan's former domestic telephone monopoly, reduced its stake in DoCoMo to 67.1 percept from 96.68 perceot in an initial public stock offering in October that raised 2.13 trillion yen.

In turn, the government con-firmed Friday that it would sell as many as 1 million shares in NTT between Dec. 14 and Dec. 16 to help pay for a government plan to write off bad loans plaguing the banking

The government, which owns 65.5 percent of NTT, said it would decide the initial sales price and the exact number of shares to be sold between Dec. 11 and Dec. 15.

At Friday's closing price of 929,000 yea, ap 31,000 yea, the sale would raise more than 900 billion yen (\$7.5 billion)

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Very briefly:

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 Thailand said the International Monetary Fund had forecast that the country's ecocomy would grow 3 percent to 4 percent oext year after contracting sharply this year. Bangkok quoted the deputy director of the IMF's Asia-Pacific region, Anoop Singh, as saying that the Thai economy, hit by its worst crisis in decades, should bottom out by the end of 1998.

· Moody's Investors Service Inc. downgraded the creditratings of Bank of Taiwan and nine other Taiwan banks, loternational Commercial Bank of Chioa; Chiao Tung Bank Co.; Chang Hwa Commercial Bank Ltd.; First Commercial Bank; Hua Nan Commercial Bank Ltd.; United World Chinese Commercial Bank; Chinatrust Commercial Bank; Bank Sinopac and E. Sun Commercial Bank, by ooe to two notches. Moody's said the banks still retained investment-grade ratings.

• Chioa Great Wall Industry Corp. will launch 17 foreign satellites in the near future after successfully sending nine into orbit this year, the China News Service reported.

 Mitsui O.S.K. Lines Ltd., Japan's second-largest shipper, will buy Navix Line Ltd. next April in a share swap worth 23.45 billion yen (\$196.1 million). The acquisition will make Mitsui Japan's largest shipper by tonnage ahead of Nippon Yusen KK. China suspended approval for new plants making standard mobile-telephone equipment because of surplus capacity in the industry. The freeze on investments in GSM equipment could reinforce the dominance in China of Ericsson AB and Nokia Oy, which expect China to become their biggest market this year.

 India will impose a dumping duty on certain steel products, such as hot-rolled coils, to protect domestic steel makers. Teledata Singapore Ltd., a telecommunications distrib-

utor, will appeal a decision that bars it from government contracts for the next two years.

Singapore's finance minister said economic performance in the city-state should be better than expected next year, according to The Business Times newspaper. Previously, the government had predicted gross domestic product growth for 1999 somewhere between a 1 percent contraction and 1 percent expansioo. Reuters, Bloomberg, AP

margarity and diseases he remaind that it is no with Thai Police Plan Anti-Suicide Unit

Agence France-Presse BANGKOK — Thailand will set up a task force in an effort to stem the alarming number of suicides caused by the economic crisis, the police said Friday. An official of the national

police, Lucchai Sudyod, said the squad would respond to emergencies involving suicidal people, using psychiatric counsclors to try to talk them out of taking their lives.

"We have no agency to directly deal with suicide cases," he said. "With this unit we agreed that there is a clear-cut plan to deal with suicide." About 560 people are known

to have killed themselves here since the economic crisis began with the devaluation of the baht in July 1997. Although no comparative figures are available, many social analysts say sui-cides have risen sharply along with unemployment amid a major economic slowdown.

The police have been criticized recently for failing to deal in snicide simanons appropri-alely. News media have reported heavily this month on a rash of cases in which people have stood on rooftops threatening to jump to their deaths. A woman died this month when a volunteer rescue worker hunged at her while she stood on a rooftop.

gaffes outside the automotive busidescription of the plans for its latest investments, leaving some investors

to question the company's motives.

The conventional wisdom is that Toyota hopes to create a financialservices empire à la General Motors Acceptance Corp., the arm of GM that extends well past financing car purchases, or General Electric Co.'s profitable powerhouse, GE Capital.

the majority of Toyota's investments are in car-related businesses.

Toyota is now expanding its auto-financing business all over the world. Please regard it as part of our

Still, the company's plans for a financial-services business seem to What is the potential in Chiyoda? What does a commercial bank have to do with the auto business? How do they all fit together and complement the auto business?

When you hear that Toyota is buying a stake in an insurance company or a mobile-telephone operator, it sounds astounding," Iwao Okisima, executive vice president in charge of financial matters, said recently. "But please understand that

anto business from now on."

TOYOTA: Carmaker Dips Into Reserves to Fund Disparate Investment Strategy

"It could be a great opportunity, ness in prefubricated housing and in but what we need is a specific a long distance telephone company. strategy, presented in terms of how Toyota has given only the broadest much they will spend and where much they will spend and where they are headed with it."

This confusion over Toyota's strategy has led some investors to wonder whether there is another, perhaps unconscious, agenda behind the company's interest in the financialservices business: using its shareholders' money to support troubled related companies and in the process preserving a system out of keeping with trends in the global economy.

Many Japanese companies are clustered in loose alliances around a bank or trading company. These groupings, known as keiretsu, form a symbiotic relationship based on mu-tual shareholdings, debts and other obligations. The system is slowly coming unraveled as the financial crisis here forces Japanese banks and companies to unload their mutual shareholdings and turn to the global

capital markets for financing. But Toyota, with its pristine ballack a road map. How does a set the trend. The company is already curities firm like Kokusai, in which Toyota has a 10 percent stake, fit in? trading giant Mitsui & Co.—as are is considering raising its stake.

Continued from Page 11 derstand at the moment," said Toyota is increasing its relationships count for as much as 10 percent of with Certain group companies. The Toyota's sales by 2000.

But there have been some notable with Merrill Lynch & Co. in Tokyo. way some investors see it, Toyota is Under Toyota's definition, many using their money to prop up its ailing corporate cousins.

Toyota's purchase in September of a majority interest in Daihatsu, the financially pressed small-vehicle manufacturer in which Toyota has long had a stake, made good sense. It ensured that Daihatsu stayed ont of reach of competitors and offered ben-efits from shared costs of development, procurement and design

But some have questioned the started using its ties to Chiyoda to motive behind its additional investment in Chiyoda, because investors know that a struggling life insurer that is also a Mitsui affiliate desperately needed to sell its Chiyoda shares and could not find a buyer until Toyota stepped forward. Its purchase bailed out the life insurer and bolstered Chiyoda, but its benefits to Toyota are unclear.

"It's all part of the cross-share-holding business," said Jay Woodworth, an independent auto analyst. "Toyota is putting equity into its

longstanding relationships."
On the contrary, Mr. Okijima said, it's all part of the transforpart of the keinetsu centered oo the trading giant Mitsui & Co.—as are Chiyoda, Daihatsu, Sakura and Hino Motors Ltd., a beleaguered truck manufacturer in which Tourism goals Mr. Okuda announced when such as a paper loss on the comment the auto business? While Mitsui Group is slowly he became president in 1995 was to "The strategy is difficult to un-loosening the ties that bind it, have "alternative" businesses ac-

businesses seemingly unrelated to auto manufacturing are, in fact, keys to its future. Take software development and telecommunications. Its engineers foresee a day when a Toyota Corolla running on a fuel cell will virtually drive itself using an onboard computer navigation system, mobile-phone technology and satellites to guide it.

In the same way, the company has used as sales incentives. Analysts are particularly keen on the first joint Toyota-Chiyoda product, incentive insurance for buyers of Toyota cars that incorporate a new safety-enhancing body.

In other words, what may seem like disparate investments are cen-

tral to Toyota's vision of the future. "I believe that in the future, through these businesses, we'll assure the long-term success of Toyota Motor," Mr. Okijima said.

PROFIT: Toyota's Net Falls

Continued from Page 11

pany's securities portfolio and losses on stakes it holds in 62 companies on a nonconsolidated basis, led to a drop in bottom-line profit. Iwao Okijima, executive vice

president in charge of financial and administrative matters, warned that the company's mainstay car business would have difficulty matching its first-half performance in the second half of the financial year, which ends March 31. Toyota is predicting that car sales will slide 2.2 percent in the year, and that net income at the parent company will fall 26 percent. Analysts' outlooks

"We wouldn't expect profitab-ility in the second half to be even as strong as in the first half," said Steve Usher, an analyst at Jardine Fleming Securities in Tokyo.

For one thing, the yen has been hovering around 120 to the dollar. while, according to Toyota, it could buy an average of 138 yen with every dollar it repatriated in the six months lectivized. And between the two that ended Sept. 30. Toyota made its initial earnings projections based on an estimated average exchange rate of 125 yen to the dollar, so the weak-

er yen became a windfall. Mr. Okijima said Toyota had embarked on a fundamental review of year. - STEPHANIE STROM

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POLAND: An Economic Powerhouse That Generates Its Energy From the West

Continued from Page 1

Russia, and 64 percent go to the European Union, a complete reversal in just 10 years of trading patterns under communism. Long-term for-eign investment is entrenched and, in total, may reach \$30 billion by year's end. The economy has slowed but is still projected to grow at a robust 5.1 percent next year, according to the government. Private investment farms, such as Merrill Lynch, concur, even the most pessimistic estimates put growth at 4 percent.

Poland has managed to reorient itself noward the West," said Stephen Penyfer, an analyst at Merrill Lynch in London. "I think one clear sentiment that has emerged is how much Poland's economy has been ecoupled from Russia and Eastern Europe: What's key for Poland is how much Europe slows."

There are still major drags on the Polish ocosomy — poor highway and telecommunications infrastructure, mefficient coal and steel industries, and a primitive agricultural sector. Poland hopes to join the EU early next century, but the country is some pain away from full integration

Russia and Ukraine sputter, Poland's success raises a fundamental question: How did the country get it

the National Bank of Poland. "We tween capitalism and socialism:" After the collapse of communist

rule and the creation of the Solidarity-led government in 1989, Poland's approach to transforming its the family of Western nations. economy was, almost literally, to jump off the cliff rather than try to climb down. Poland lifted all price controls, slashed subsidies to industries, exposed state monopolies to international competition and devalned and floated its currency. Hyper-flourish. inflation, shuttered factories and imemployment followed, but the economy also began to right itself,

and a course was set. Economists commune to debate the wisdom of such shock therapy. Did mobsters stonewall investors until it, for instance, mnecessarily kill industries, and jobs, that might have survived a slower transformation? What is certain is that in Poland

into European economic structures.

Yet as such bigger neighbors as

There is a fundamental consensus on the need for reform, and politics by more than 90 percent since its high in October 1997. The Warsaw Stock Exchange for instance, has transing former Communist ones, there has been no uncertainty or retreat -"We avoided temptation," said the twin banes of reform in Ukraine Hanna Gronkiewicz-Waltz, head of and Russia.

saw that there is no third way be- historical forces. Divided and occu- 60 percent of its capitalization are no rosier. pied over three centuries, with only brief spells of independence, Poles are keen to take what they regard as president of the exchange. In Mostheir long-denied but rightful place in

Although it continues to disenmost recently by streamlining revironment in which business can "We have the rule of law," said

Mrs. Gronkiewicz-Waltz, raising, as she put it, the sensitive but certain and some experience, Mrs. fact that reform is not possible in Gronkiewicz-Waltz said. societies in which bureaucrass and

speculation that bedeviled Russia, period, according to analysts.

Through eight governments, includ- Exchange, for instance, has transparency rules that make it less attractive for so-called "hot money." The Warsaw Stock Exchange dif-

fers from its Russian counterpart in That assuredness is also girded by another significant way. More than comes from Poles, not foreign investors, said Wieslaw Rozlucki, cow, foreigners held more than 95 percent of stocks.

Poland had a business culture to tangle a huge state bureancracy, build on when freedom came in 1989. Under communism, there was gional government, Poland also has a class of small businessmen and an created a legal and regulatory en- agricultural sector that was not colworld wars, the country had a capitalist system.

In the last 10 years in Poland. more than 2 million new businesses its operation with an eye toward have been formed, overwhelmingly cutting costs. Cost cuts gained the Poland has also tried to shield it-self from the quick-kill, short-term than in any EU country in the same income in the first half of the fiscal Friday's 4 P.M.

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To Pay or Not to Pay Fund Fees: Do Investors Get Their Money's Worth?

By Judith Rehak

RE MUTUAL FUND fees too high, too low, too confusing? What are investors have been camouflaged by the pro-longed bull market that has brought in equity funds hefty returns of 20 percent or more, making commissions and other charges seem a small price to pay.

But paying, say, a 5 percent commission on a more typical annual return of only 8 to 10 percent is a different story. That is an important point to consider right now, amid signs that the market is cooling after a rough third quarter for the \$5 trillion U.S. fund industry, when most equity funds lost money.

Besides performance, the guidance that theoretically comes with paying a commission or fee is also growing in importance, as investors, especially those planning for retirement, seek as much advice as they can get.

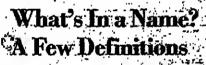
A Ronghly a third of the funds sold in the United States are no-load vehicles, sold directly to investors with no frontor back-end sales commissions. On the load side, where funds are sold

through brokers and financial advisers, the rule of thumb is as follows: A, or front-load, shares are the least costly way to own a fund, provided the

investor is long-term; B, or back-load, shares are more. likely to fit a five- to seven-year time

C, or level-load, shares are for shortterm investors who like to trade in and out of funds. (See "What's in a Name?," below)

Other investors take their business to fee-only advisers, who recommend portfolios of no-load funds, often with other financial planning advice. These advisers are paid not by a fund company, but by the client. Typically, the



charge, generally from 4.75 percent to : 5.75 percent when the fund is purchased, plus annual expenses of about 1 percent to 1.25 percent of assets.

The investor pays no up-front sales charge, but annual expenses run higher than those for A shares, generally 1.75 percent to 2 percent of assets. Investors who sell their B shares in

the first five to six years must pay a "back-end load," typically starting at 5

percent in the first year.

The back-end charge decreases each year until it disappears, and the shares convert to A shares with lower annual

EVEL-LOAD OR C SHARES: The investor pays no front- or back-end sales charge, but is assessed an ainmal fee, typically 1 percent of assets, plus annual expenses of 1.75 percent to 2 percent of assets.

Some funds that offer C shares also charge a "surrender" fee if the shares are sold in the first year.

NO-LOAD SHARES: The investor pays no front-or back-end sales charge, but is assessed an annual expense fee, around 1.20 percent of assets on av-

FEE-ONLY FINANCIAL AD-VISERS: Fee-only advisers offer investment advice, using no-load funds, and financial planning. They receive no payment from fund managers but derive the income exclusively from an annual fee of anywhere from 1 percent to 2 percent of a client's assets under man-

fee is equivalent to a percentage of the

has left many investors at a loss as to whom they should pay, how they should

To take a closer look at fund fees, and what they bring to the shareholder. The Money Report recently joined in a dis-cussion with four officials in the Amer-

arm of Alliance Capital Management, a leading load-fund group;

the Vanguard Group, a major no-load fund manager;

Tom Miltenberger, a principal with

Edward Jones, a brokerage group that sells funds of outsiders, and · Lewis Altfest, a fee-only financial

"I think the investment markets have made it complicated for customers to know, "Where should I be?' or, 'Should I be there at all?' which is part of advice," Mr. Miltenberger said. "And the pricing structures have made it complicated. So now, besides advice on investment suggestions, most people also need advice on how to pay."

accounts and allied products, the approach of Mr. Miltenberger's firm, Edward Jones, is fairly straightforward. It works only on a per-transaction basis, selling mostly A shares, which fit in fund. The average holding period for a Jones client is an unusually long 20

thing in an investment program, he said, We try to create an atmosphere to

"I think that what they're looking for is someone who understands their feelbe, and they want a predictable reclike feelings " he said "They are happy to pay, but like any conservative business person, they want to know they re-

BACK-LOAD OR B SHARES: load shares, are more controversial. he investor pays no up-front sales. They have been criticized in the persomet-finance press because, with no up-front sales charge, they are often accused of masquerading as no-load

B shares account for a befty 45 percent of annual sales, rose quickly to their defense, pointing out that investor psychology played an important role in their popularity.

"It's worth noting that B shares were developed in response to clients who said they didn't want to pay a front end load, on their investment," he said. "They would invest \$10,000 and when they got their first statement and their \$10,000 was worth only \$9,500, immediately they would get on the phone

But Mr. Miltenberger was clearly less enthaliastic about back loads, especially the exit charge that B-share investors must pay if they sell ont in the

Not surprisingly, the array of options pay, and for what

lcan mutual-find industry:

• Michael Laughlin, chairman of Alliance Fund Distributors, the marketing

• Richard Stevens, principal in charge of personal financial services at

In contrast to most brokerages that sell the full gamut of load funds, wrap with its philosophy of long-term investing as the least costly way to own a

"A basic investment plan isn't nearly as complicated as people think it is,"
Mr. Miltenberger said. "It's much tougher to stay with that plan."

Noting that time is the most important encourage the investor to stay with their

ings, what their future needs are going to

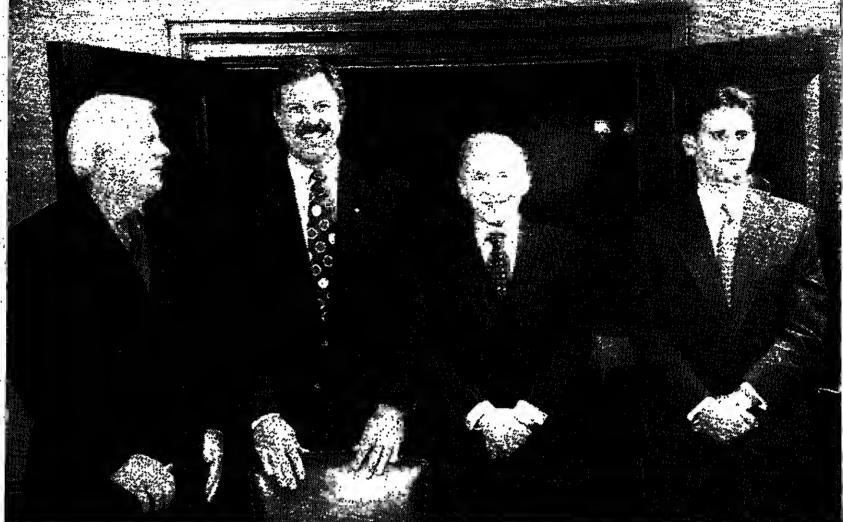
On the other hand, B shares, or back-

But Mr. Langhlin of Alliance, whose

to their adviser and say, This is out-

As Mr. Laughlin described it, an investor in a back-loaded fund is paying a "lease charge" for the asset or service, instead of paying up front. Why would anyone want to do that?

"Why do people prefer to rent homes or apartments, when you're much better off buying and paying up front and gaining equity?" Mr. Langhlin responded.



The Money Report's panel of mutual-fund experts, left to right: Michael Laughlin, Tom Miltenberger, Lewis Altfest and Richard Stevens.

early years. B shares "were set up to offer people who didn't want to pay a load up front, but there's a very high percentage of people in the industry, and investors as well, who forget those two last words, 'up front,' "he said. "It's a way to compete with a no-load - peri-

Nevertheless, B shares clearly have made inroads with investors, even FRONT-LOAD OR A SHARKS: commendation from someone who has though their higher annual charges

> "But that's not something you hide from a person," Mr. Laughlin said. "All investors have to do is look in the newspaper at the differences between A shares and B shares and see that they are going to give up 0.70 to 0.80 of a

percentage point in performance."

So how does this relate to the fee-only advisers? This is a group that has enjoyed growing popularity in recent years, partly because many investors feel that brokers are likely to sell them a fund that earns them the highest commission, rather than one that is the most

appropriate for them. Mr. Altfest, a fee-only adviser who has run his own firm for 16 years, steers

a middle course.

"First, I'd like to say there is nothing obscene about paying a load," he said.
But he recommends only no-load funds to his clients, usually combined with financial planning. Unlike a traditional broker, he earns no income from the companies whose funds he recom-

"Our customers tend not to be do-ityourselfers, but either want someone to help them do it, or do it for them," he said. "They're looking for a closer re-lationship than they would get in just selecting an investment manager."

where to go and how to pay, Mr. Altfest had some suggestions. "What you want to do," he said, "is relate the cost of the service with the

benefits of the service. If you have a broker that you feel is giving you value

and service, and you pay for it in the

For investors still trying to figure out

form of a commission, that's fine. But brokers need to make it apparent to customers that they are paying a commission and the amount of the com-

mission."

"At that point," Mr. Alifest added,
"you have the ability to determine if it is
appropriate, or whether you would
rather bypass the broker and go directly to a Vanguard, or hire a fee-only advisor and pay for ongoing management."

Indeed, Vanguard and other leading no-load fund managers still remain a bastion of fiercely independent no-load

"Our investors are do-it-yourselfers looking for an organization they can trust for fairly conservative products

Many investors 'don't want to pay for a fund, but they will pay for advice."

that perform well on an after-tax, after-cost basis," said Mr. Stevens of Vanguard. "They're not always happy to pay, and a lot of them are unhappy to

pay just about anything."

Vanguard's chairman, John Bogle, is well known for his outspoken views that funds should not only be no-load, but assess the lowest possible annual fees, and Mr. Stevens sees no signs that the appeal of this approach is waning.

'We've huilt a \$400 billion business in 25 years on that presumption," he

Significantly, though, advice for a separate fee is now on the menn at Vanguard. So far, only a small per-centage of the 7 million households that own Vanguard funds have taken the money manager up on its offer. But, Mr. Stevens said, "this sprung

ont of the traditional Vanguard client saying, 'I need help,' and some answers

to basic questions, like, what do I do with my money, who should be the beneficiary of my Individual Retire-ment Account, and those sorts of ques-

"They don't want to pay for a fund, but they will pay for advice," he ad-

Vanguard is still sticking to its low-cost ideals, Mr. Stevens said. Its services include trust, estate and investment planning, with asset-based fees for chents who require an ongoing rela tionship, but also one-time charges for clients who "want to know an answer, pay us once, and go away," he said. "I think a lot of fee-only planners

don't necessarily agree with our pre-sumption of a one-time fee," Mr. Stevens added. "I bet a lot of them would say to a client, 'I'm telling you that you oeed to revisit this.' But we leave it to the client to determine that, and that's the difference.'

The need for advice comes as growing numbers of investors find themselves dealing with ever-larger sums of money — a result of the U.S. bull mar-ket, which has produced substantial nest eggs accumulated in company pension

It is not unknown for neophytes to suddenly find themselves with six-figure "rollovers" from a pension plan that they now must manage themselves for retirement.

"Even people who are investing themselves over the Internet tend to start asking questions ooce they get to a critical level," said Mr. Laughlin of

"It's one thing to play with \$10,000 to \$20,000 and \$50,000, but when they now have \$250,000 or \$500,000, they start to think twice."

Not only do these individuals need a plan, but he suggested that they also need the hand-holding that keeps them from jumping off the deep end during market turmoil, and selling funds that

may be down only temporarily.
"It happened in 1987, and again in

the early 90s, and there is evidence that it happened just this last month," said Mr. Laughlin, referring to the recent stock market turmoil. "It shows that individuals who had an adviser and paid for that advice in some way, either front, back or fee-only, tended not to overreact to the same degree that do-it-yourselfers

"Clients called just to hear my reassuring voice, and I made it very re-assuring, Mr. Altfest said. They ère the same clients who were sa 'Why don't we get more aggressive?' in February and March."

But Mr. Stevens disputed the idea that do-it-yourselfers sold out in the turmoil, at least not those at Vanguard.

"We didn't see an exodus at all," he said. "I think the noo-advice clients did what education had been telling them to do for four to five years — that when this happens, don't panic. In fact, our

client hase was huying." Still, advisers and marketers of load funds that levy sales charges see the growing need for financial planning and investment advice that comes with their service as muting nnfair treatment by the personal-finance press, which has often said that only the foolhardy would pay a commission to buy a fund. If that were the only issue, they contend, all the investors would have gone to the likes of Vanguard long ago, and load funds and their purveyors would be out of

The more likely scenario now is that there is room for both.

"The wild card is the segments of cople who want different and varying levels of advice, from none to some level of the right answer, and no one is here to serve every person," Mr. Stevens said.

So, with more advisers, brokerages and even no-load groups getting on the advice bandwagon, creating more competition, can investors expect to be getting either their funds or their advice for

Continued on Page 18

Amid Global Tumult, Milton Friedman Remains the Ultimate Free-Marketeer



For Mr. Friedman, most countries' problems result from bad policy at home and bad advice from the IMF. By Richard W. Stevenson

HIS DOES NOT seem to hour. Asian economies real world. that were once vibrant have collapsed, sending millions of people who had pulled themselves up toward the middle class back into a struggle for survival.

Russia's movement toward democratic capitalism is in greater individual freedom. shambles. Even the world's biggest and strongest economies are at risk from the global crisis. So it seemed fair to ask Milton

Friedman, the iconic advocate of free markets, if the free-enterprise system had not proved inadequate in this era of interconnected financial systems and contagion by microchip. His reply was that the problems in most countries were a result of bad

not any failure of the markets. Indeed, Mr. Friedman, whose libertarianism left him on the fringes of the mainstream starting in the Hoover Institution. New Deal and for decades after-

the International Monetary Fund.

democracy and stability.

But in a broader sense, Mr.

Now 86, and as willing as ever to Friedman said, we are at a historical argue his cause in an interview, he turning point, when a gradual acbe free enterprise's finest interplay between ideology and the

> The fallout from the global crisis, he said, would inevitably create some setbacks in what he sees as a slow but inexorable movement toward less government involvement in the economy and

the merits of controls on capital, and some countries, including the blame the private United States, are hinting that they might raise trade barriers to protect market. domestic industries from the ravages of a tumultuous global economy. "There's always a tendency

when things go wrong to blame the private market," said Mr. Friedman, who received the Nobel prize policy at home and bad advice from in economics in 1976. 'Given that you've had these difficulties, there's no doubt there will be backsliding." he said in his office at Stanford University's

The talk of global crisis, ward, was not conceding anything however, is largely overblown, he of Nations," published in 1776, in the growing debate over whether said, noting that the United States and Britain's move to repeal the the turnoil has exposed the limits of and Western Europe remain in Corn Laws and go on to free markets as a force for prosperity, sound economic health.

on a philosophical level is beginning to translate into a fundamental movement toward market-oriented There's always a

But in a broader sense, Mr.

tendency when Economists are again debating things go wrong to

> policies, institutions and politics. The implications for policy could be profound, he said, ranging from lower taxes to exposing public schools to greater competitioo. 'lt's my impression that you

have long cycles of public opinion on the one hand and public behavior on the other," Mr. Friedman said. He cited the long delay between Adam Smith's "The Wealth of Nations" authlished in 1776

World War I that Britain started down the road to the welfare

"The case for free markets and market economies, right after collect taxes," Mr. Friedman said; World War II, was held by only a referring to the difficulty of definvery small minority, who were looked upon as reactionaries of the worst kind," Mr. Friedman said. 'In the period since then, the case for free markets has been won rhet-

believes that governments should markets should be relatively free," he added. "That's the rhetoric, and it's reached a peak since the fall of the Berlin Wall. On the other hand, if you look at the practice, in the United States and also most other Western countries, government is more powerful, more extensive, more intrusive now than it was 50 years ago. In that sense, we have moved backward and been following the prior

socialist trend of opinion. 'I think we are sort of at the peak of the collectivist way," he continued, "Over the next 20, 30 or 40 years, the rhetoric, combined with Business-Finance section.

And, he said, although the Fa- the remarkable effects the Internet bian Society was formed in the is going to have on our lives, will 1880s, "it was not until just before produce a decline in the role of government and a widening of human freedom."

Why the Internet? "Because it makes it harder to ing where a transaction takes place

when it occurs in cyberspace. "Governments can get funds fundamentally only from resources that find it difficult to move elsewhere," he said. "The greater the "Everybody now believes in freedom of movement of capital competition, believes in freedom, and people, the harder it is for governments. That's the kind of exhave a relatively minor role and that ternal force that is adding to what's coming from the intellectual ride of

> The question now, though, is whether the crisis set off last year in Asia will turn the tide again. As Mr. Friedman suggests, history can be slow to render its judgment.
> New York Times Service

To Our Readers

James K. Glassman is traveling. His column, "On Investing," which normally appears in The Money Report, will appear in Monday's





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THE MONEY REPORT

Are Investors **Getting What** They Pay For?

Continued from Page 17

a lower price? Fund fees and expenses have come under pressure from Arthur Levitt, chairman of the Securities and Exchange Commission, who has re-buked fund managers for not making elear their impact on fund perfor-

In a recent speech, he cited SEC research that indicates that only 8 percent of investors understand the fees that funds charge.

Competition is another factor that could create downward pressure, advisers said. With the bull market slowing, Mr. Laughlin cited the "great

equalizer," performance.
"People will not be willing to pay as much for 8 or 9 percent historical returns as they might have done for 10 to 20 percent," he said.

The price for certain kinds of advice

may fall as well.
"If you look ahead, you're going to see an increased commoditization of basic services." Mr. Altfest said. "Companies like Vanguard who can handle mass work efficiently will be able to do smaller, plain-vanilla planning, and work more efficiently than

other firms.

'Advisers and others will have to distinguish their product by adding a dimension of knowledge, but really by having a closer personal relationship with their clients that firms like Vanguard are not built to do," he said.

"Younger people, in general, are more no-load-oriented," he added. "They haven't developed relationships, and they're more likely to go to a Charles Schwab [the discount brokerage and fund supermarket), and declare their independence, so to speak." Mr. Altfest returned to his original

point of value for money spent. "If you see value, you will want to cootinue paying oo a fee or a com-mission basis," he said. "If you don't see value, there will be more exits to noload funds,"

U.S. Fund Groups Export American-Style Investing

HE AMERICAN FUND industry has been booming in the past few years, but many groups see even bigger opportunities abroad, where far fewer households own funds where far fewer households own funds than the estimated 40 percent in the United States. Although the fund managers are well aware that not every aspect of American-style funds and marketing strategies will translate into

which sells its funds through broker-ages and financial advisers, was one of the first to introduce offshore funds in Europe more than a decade ago. Recently, they started selling them through brokers in Japan as well. As it does in the United States, it offers both front- and back-load funds. Despite any controversy over B shares, they have caught on with investors in pressures there, and it's a good place to

success overseas, it has not deterred

funds for individual investors in Europe, the preference was almost ennirely front-end sales fees, usually negonated by the adviser, not put on by us," said Alliance's Michael Laughlin, adding that fees back then were well over 8 percent.

Vanguard is on the move abroad as ell, although more camiously. Unlike its U.S. business, which has millions of in-dividual shareholders, it is targeting cor-porate pension plans first in Europe and Anstraha with its no-load index funds.

"Australia was our first market because of the demographics," said Richard Stevens of Vanguard. "There's already a move toward downward fee

Will investors outside the United States, where no-load, low-cost indexing is almost unknown, take to the Vanguard style? Vanguard figures that by having them try it out first in their pension plan, they are paving the way for individual accounts down the road.

caught on elsewhere yet, but when indexing and low-cost money management in pension plans does start to Jones is sticking with its long-term, take off, we'll be there, ready to deal front-end-load philosophy. with that, rather than spending a lot of money today to try to force that hap-pening," Mr. Stevens said.

By contrast, the Edward Jones brokerage group is targeting its core investing principles directly at individual investors in Britain. Jones has opened 30 offices in the past year, and Tom Miltenberger said his firm had found that investors in Britain were

U.S. clients. When we meet with them in their kitchens in London and Manchester. they're not much different," he said. They tell us about their retirement asion plan, they are paving the way their kids, and how they're trying to rindividual accounts down the road save money. The fee they pay, who "The issue of lower fees hasn't they pay and when they pay is not ught on elsewhere yet, but when nearly as big an issue as, Can you get dexing and low-cost money manime to where I want to go?"

"The pricing of funds we use is the same, and we're going to do the best we can to help our customers. Mr. Miltenberger said. "But a 1 percent-a-year asset fee, or a C share, or a wrap account.— I'm not so good at math. but 20 years at 1 percent isn't as much as 3.50 percent one time when you walk in the door."

__ JUDITH REHAK

For SEC Chief, Press Is the People's Market Advocate

By Neil Roland

NDIVIDUAL INVESTORS need an advocate in the stock market to put them on more equal footing with mutual funds and other instimutional players, and that advocate should be the media, according to the chairman of the U.S. Securities and Ex-

change Commission, Arthur Levitt. Mr. Levitt has condemned U.S. companies that reveal market-moving information to securities analysts before

releasing it to the public.

He said that this practice, which is known as selective disclosure, put small investors at a disadvantage to institutional investors, such as pension and mutual funds, which have analysts to represent their interests.

Some executives routinely exclude reporters from conference calls that they convene with analysts and money managers who follow their companies. In some recent cases, stock prices moved more than 25 percent after companies disclosed information in private sessions. Sometimes, hours passed before compa-

nies announced the news to the public.
"As far as I'm concerned, that's cheating, and it's a stain upon our mar-ket," Mr. Levitt said in an interview. "We're elearly concerned about it; we're elearly looking for it."

The practice also can harm the integrity of U.S. markets, Mr. Levist said.
"If some individuals or organizations are getting information that others are not getting, that means our markets are oo longer trustworthy and no longer credible, and that can't be tolerated," he said.

Mr. Levitt, the top securities reg-ulator in the United States, warned against special treatment of favored analysts or big investors in a speech early this year. Companies and brokerages could face insider trading sanctions if analysts or their clients profit from important corporate information before

it is available to the public, he said. He went beyond those earlier remarks in the interview by explicitly urging compa-nies to include reporters in their analyst

calls. He voiced support for news organizations that try to gain access to these calls and then report on the discussions. The media should persist, 'said Mr. Levitt, who once owned Roll Call, a

Washington newspaper that covers Congress. "They should press their case and continue to press it." Some executives prefer to provide

exclusive briefings "to curry favor with selected analysts" who can influence the price of the company's stock, he said. He declined to give examples.

in recent weeks, several major compa-mes, such as MCI WorldCom Inc., Mi-crosoft Corp., Amgen Inc., Gap Inc., Monsanto Co. and Cendant Corp., held closed discussions with analysis about earnings or other corporate developments, In September, Tellabs Inc., a telephone

equipment maker, told money managers and analysts in a conference call that its third-quarter profit and sales would not meet estimates. Its shares fell as much as 27 percent after the call began and before the information was widely disseminated.
Tellabs' chief executive, Michael

were not planning to make significant comments in the session with analysts. Mr. Levitt said his staff was monitoring corporate practices on selective disclosure of important information, and was ready

to take enforcement action if necessary. "It's clearly ethically wrong," he said. "It wouldn't surprise me to see the commission considering taking action

the offense is sufficiently egregious.

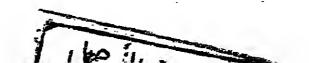
The commission will not be preparing any rule changes to cope with the problem. Mr. Levitt said, because companies have improved their practices since he criticized selective disclosures earlier this year.

A National Investor Relations Institute study earlier this year found that fewer than 20 percent of companies inform analysts before telling the public that earnings will fall short of expec-tations. That is down from about 33 percent in 1995, according to the institute found, a trade group of corporate investor-relations officers.

Bloomberg News

For information please contact, Kety Hourt: Fax (33-1) 41 43 92 12 or o-mail: funds@int.com November 20, 1998 Advertisement INTERNATIONAL FUNDS To receive free daily quotations for your funds subscribe at: - funds titlet.com m/HT/FUN/funds.htm 217 COLBERT SECURITIES ASSET MINET LTD ARM AMRO Ponds Tel; 353-42 21's RANGUE FRANCAISE DE L'ORIENT BFO Skar-Global Shubgers 8 1021 BANGUES SCS ALLIANCE (4722) ESS 4500 General Philode Month Am | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | The Lower Ford Age 175 and 1 195 and 1 RITISON GEOVER FITTO

COLORDOR - FASSE - STATE - STATE - STATE - COLORDOR - FASSE - STATE - STATE - STATE - STATE - STATE - STATE - COLORDOR - FASSE - STATE - STA



THE MONEY REPORT

Sharing Good Fortune

In U.S., Wealthy Give 8% to Charity

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Service of the servic

HE WEALTHIEST people in the United States gave an average of 8 percent of their after-tax income, or about \$29,400, to charities in 1997,

according to a survey sponsored by U.S. Trust Corp.

The telephone survey polled 150 people selected randomly from among the wealthiest I percent of U.S. residents, those with either an adjusted gross income of more than \$225,000 or a net worth greater than \$3 million.

In 1993, the wealthiest Americans contributed an avcrage of 5 percent of their after-tax income, said U.S. Trost's president, Jeffrey Maurer. The average contribution by all Americans is 3 percent, he said. Some critics say wealthy individuals could have been more generous.

"There's a tendency on the part of donors to base their decisions mainly on the amount of their income," and not on a combination of their income and their assets, such as stocks, bonds and real estate, said Claude Rosenberg, founder and chairman of Newtithing Group, a phil-

anthropic research organization based in San Francisco. Most of the respondents were between the ages of 40 and 60, and about two-thirds came from dual-income families, Mr. Maurer said. On average, members of this group tend to spend 65 percent of their income on housing, food, clothing, children's expenses and other living expenses, and they carmark another 27 percent for savings, he added.

Other findings of the survey, conducted in September by Financial Market Research Inc. of New York: · Almost all of the respondents made cash con-

tributions to charity in 1997. About 83 percent said they had volunteered their time. About 67 percent said they had given more to

charity as the value of their stock portfolios increased during the bull market of the 1990s.

· Seventy-nine percent said they contributed to charities to support worthwhile causes, and 69 percent said they gave because they felt a responsibility to share their

Thirty percent said their biggest donations went to religious organizations, followed by 22 percent who gave the most to edocational charities. • Four out of 10 respondents said being approached

by a friend was the best way to solicit contributions." The survey has a margin of error of plus or minos 6

BRIEFCASE

Riches Prove Elusive For Treasure-Hunt Firm

Finding a sunken treasure can be interesting, fun and of historic ever discovered in deep water.

value, but it is no guarantee of But while trading volume riches, as shareholders in Odyssey Marine Exploration Inc. can attest.

The company, which readers of The Money Report know from the July 25 issue, is one of the few publicly listed vehicles for treasure hunting. Odyssey is searching for a British warship that sank in the Mediterranean 300 years ago carrying what the company hopes is a trove of coins worth \$200 million to May 1. \$500 million.

but in September it came across which carries a camera to transmit a

what is believed to be a Phoenician vessel that sank 2,500 years ago. The company said that it is coosidered to be the oldest shipwreck

But while trading volume in Odyssey, which trades over the counter, has risen a bit recently, the price has declined since July, falling to \$1 from \$3.50.

Of course, the Phoenician ship, code-named the Melkarth, is not the big prize that Odyssey is after, but it could conceivably hold some valuables that will benefit the company when excavation begins around

Using what is known as a Revaluable objects may or may not be motely Operated Vehicle, or ROV, found on the wreck.

Odyssey found large jars, or amfeet (900 meters) under water.

Amphora styles, which evolved jars in the wreck that it found are from the mid-5th century B.C.

The amphorae that have been identified on the site have previously been found in far-flung lo-cations around the Mediterranean." said Gregg Stemm, vice president of

Odyssey.
"In addition to the amphorae," he added, 'jewelry, glass and other

If that sounds like a highly con-

phorae, at the wreck site almost 3,000 educated guess." Mr. Stemm ex- market. John Morris, chairman of plained.

sunken vessel. Odysscy believes the lieves that they were made in Mo-made a major discovery. rocco to carry salted fish or fermented fish sauce all the way to warship, code-named Cambridge, Greece." he said. "Whatever the the company also is searching for a Phoenicians would have been send- Spanish galleon, known as Conceping to Greece on their circular trade cion, that sank off the Atlantic coast route may have been on this ship. Since the Phoenicians were heavily involved in the jewelry and glass trade, we could very well find ar-tifacts of this nature on the site."

video picture back to the surface ship, ditional statement, that's because it mission's rule 144 have registered is. Everything at this point is an to sell their holdings in the public Odyssey, said they could be po-"One of the experts on the type of sitioning themselves to sell some of over time, can often be used to date a amphorae located on the site be- the shares if the company in fact

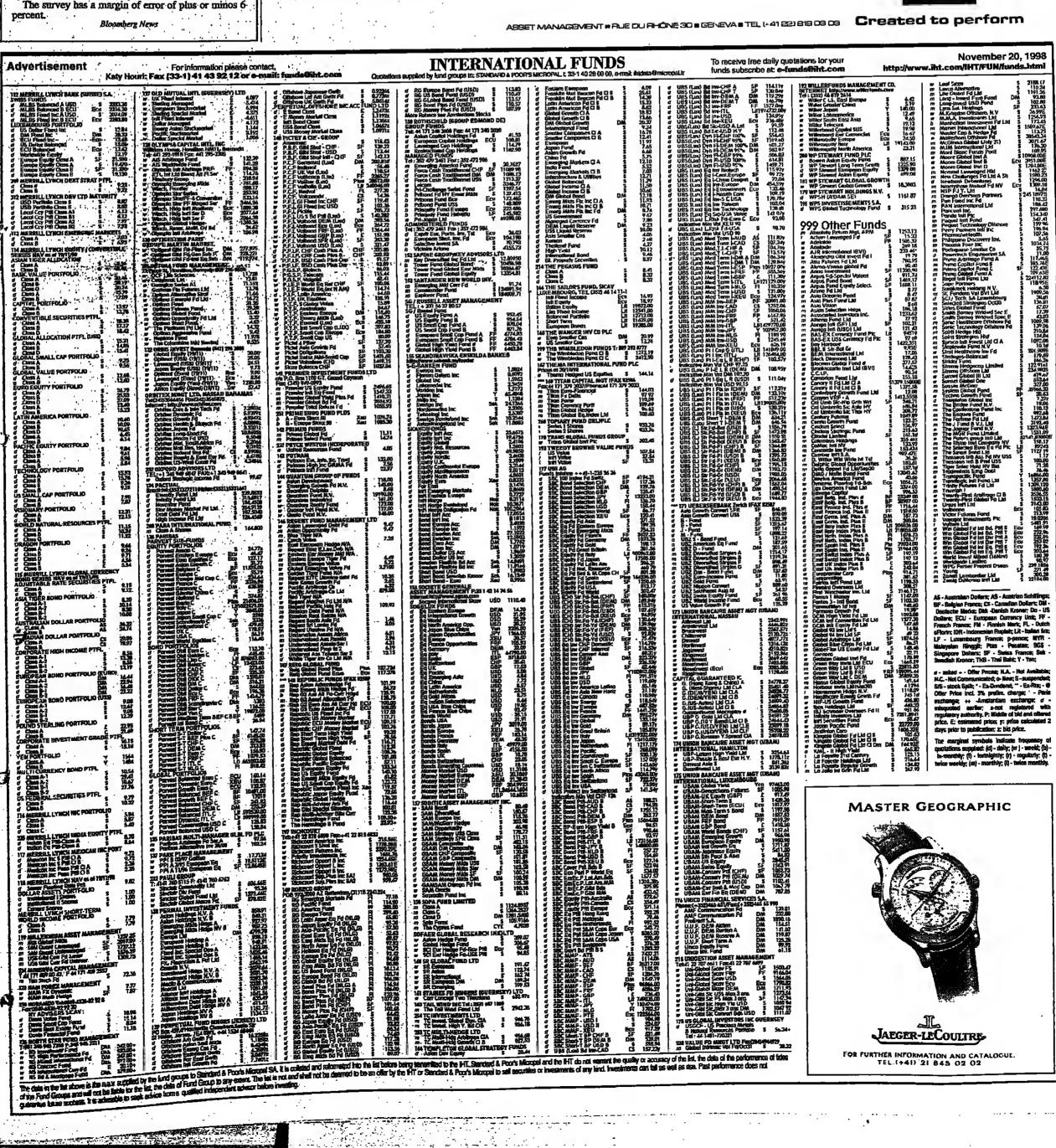
> Apart from the Mediterranean of South America.

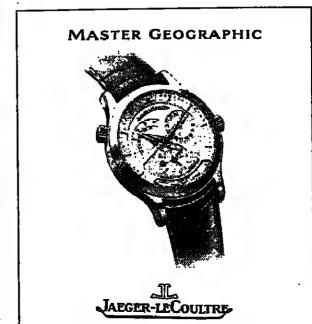
"Everyone knows that we are searching two very rich shipwrecks and presumably investors want to be in a position to sell enough of their Some Odyssey investors who stock to recoup their initial investbought restricted shares under the ment in the event the stock price U.S. Securities and Exchange Com- increases," Mr. Morris said. (IHT)

The world changes

Banks tee CHOISYZ







Herald Eribune SPORTS

WORLD ROUNDUP



IN SYNC - Divers at the German Synchronized Diving Championships in Dresden.

Turks Vow Security

SOCCER Turkey's minister for sport pledged Friday there would be tight security for the Champions' League maich oext week between Galatasaray and Juventus, as tension with Italy rose over the Kurdish rebel chief Abdullah Ocalan. European soccer's governing body, UEFA, said it was monitoring the situation.

"We are taking all the precau-tions," said Yucel Seckiner, state minister for sports. "Turkey is not the Wild West. It is a state of law."

The Turin-based Juventus, worried about playing in Istanhul, said it had asked for charter flights taking fans to the match to be canceled and had withdrawn Italian tickets (Reuters) for the game.

Aussie Children Can Box

BOXING Australian sports ministers rejected on Friday a plan to ban childreo under 14 from competitive boxing, arguing that such a han would be impossible to enforce and was unnecessary. (Reuters)

No. 500 for Keenan

HOCKEY Mike Keenan got his 500th NHL coaching victory when Vancouver beat Colorado, 5-0, on Thursday night. Keenan tied Toe Blake for fifth place on the career list. Only Scotty Bowman (1,062). Al Arbour (781), Dick Irvin (693) and Billy Reay (542) have more

Faldo Foils New Zealand's Winds

A 2-Under-Par 2d Round Gives England the Lead in Golf's World Cup

Compiled by Our Staff From Dispatches

AUCKLAND, New Zealand - Nick Faldo used all his experience and guile to beat a howling gale at New Zealand's Gulf Harbour course Friday and take England inm the lead in the World Cup of Golf second round.

Faido shot a 2-under-par 70, with two birdies and no bogeys, in Friday's round on the oceanfront course to take the individual lead at 6-under par and, with the help of his teammate David Carter, pulled England into first place in the 32-

Carter's round of four birdies and three bogeys for a 71 was in stark coo-trast to Faldo's, but typical of the day. Carter is even-par after two rounds. England's 6-under-par aggregate gave it a two-shot lead.

Scores ballooned in winds of more than 40 miles (65 kilometers) an hour on an undulating course with slick, sloping greens. The overnight leader, Japan, hlew 11 shots as it fell into eighth place, tied with the United States, at 1-over par.

The U.S. team of John Daly and Scott Verplank plunged from the lead at 10-under after 10 holes to 1-over after 18, seven strokes behind England. Daly had a quadruple-bogey g at the 14th after getting huried in thick, wiry grass. Australia and South Africa, which

had held second place overnight, are the two teams behind England. Colin Montgomerie, who tied with Gwang Soo Choi of South Korea at 69 for the day's best score, took Scotland up to fourth place, one stroke back, and kept the sixtime European No. 1 in the hunt for back-to-back individual titles.

Canada was in fifth place at 2-underpar, but was one of a bevy of teams that

slipped during the day. Ireland, the defender, shook the myth that Irishmen brought up on links courses come into their own when it blows. They slipped to 1-under par to share sixth place with Argentina.

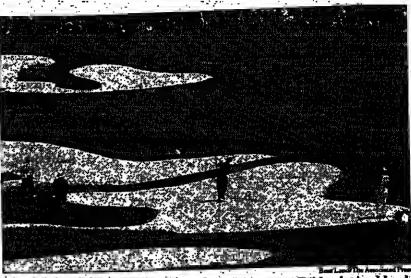
Japan's Yasuharu Imano lost his individual lead to Faldo after taking 40 strokes on the back nine on the course

designed by Robert Trent Jones Jr. At 6under-par, Faldo topped the individual leader board by one stroke over Imano, Costantino Rocca of Italy and Ian Leggatt of Canada.

It was Faldo's ability not only to work out how to best play the Gulf Harbour course in the wind but also to advise Carter, his 26-year-old partner, that pushed England to the front. Birdies on the two opening par-5's and then a run of pars eased his team in front as Carter canceled ont three 3-putts with three stunning birdies in the last seven holes.

"In winds like that you have to scramble well." said Faldo, 41, who is making his first appearance in the competition since 1991. "You both have to keep it going, look for the right spot and give yourself half a chance at getting something out of the hole, certainly give yourself full chance of making are yourself full chance of making par.

"I was well aware that having no bogeys on my card would be mighty important. It proved to me again that my game is getting back in shape because



Andrew Coltart of Scotland playing out of a bunker Friday in Auckland.

today was a very stern test of golf."
Faldo and Carter arrived Sunday earlier than most of their rivals - and Faldo said that had made a difference. You've got to hit it in the right area that's what it's all about," he said. "The slopes don't move overnight, we know where they all are." (Reuters, AP) where they all are."

■ Westwood Leads in Japan

Lee Westwood of England led by two strokes with a 7-under-par 135 after two rounds of the Dunlop Phoenix event in Miyazaki, Japan, He tied for Friday's best round with Darren Clarke of Northem Ireland with a 4-under-par 67. (AP)

A Strong Ashes Start for Australia

BRISBANE, Australia - England's cricketers dropped three catches and missed a vital ruo out as Australia fought back to finish the opening day of the first Ashes cricket test on Friday in a

strong position. Australia was struggling midway



YES!!! - Alexandra Meissnitzer of Austria after her 2second victory in a World Cup

through the day when it slumped to 106 for four, but managed to scramble back

to 246 for five hy stumps. Steve Waugh led Australia's fightback to finish the day unbeaten on 69, with Ian Healy on 46, after both hatsmen were given let-offs. Healy was dropped by Angus Fraser on 37, while Waugh survived a run out chance on 29 and a catch on 68 in the final over of the

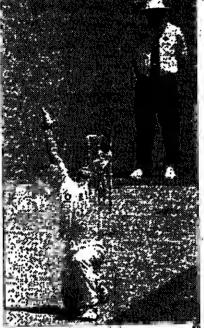
Waugh looked to have been dismissed when be was caught short of his ground while trying a second run at the 000-striker's end. But he was given the benefit of the doubt by the third umpire because of confusion over whether or not the ball had hit the stumps. Alec Stewart's throw from the bats-

man's end was on target hot replays seemed to indicate, although not conclusively, that the English bowler Alan Mnllally had already dislodged the bails in a clumsy attempt to intercept the

"I thought it was going to bounce over the stumps," Mullally said. "I just tried to knock it on to the stumps." Waugh made the most of his reprieve as he set about rebuilding Australia's

first innings. He brooght op his 50 off just 80 deliveries and cootinued scoring freely in the final sessioo to finish the day within sight of a 16th test hundred.

But he should have been dismissed for a second time when he edged a catch straight to Nasser Hussain at second slip only to see the ball put down. Hu



England's Darren Gough celebrating trapping Justin Langer.

also dropped Michael Slater in the first session.

· Aamir Sohail returned to top form with a strokeful 91 as Pakistan cruised to a four-wicket victory over Zimbabwe in the first one-day international of the three-match series Friday in Gujran-

A Flashback for Steffi Graf

NEW YORK — On the fifth match oint of her epic quarterfinal battle with er old foe, Monica Seles, Steffi Graf lew on her serving fingers, not to cool point of her epic quarterfinal battle with her old foe, Monica Seles, Steffi Graf hlew on her serving fingers, not to cool them but to ensure a death grip on her racket. She was preparing a serve that finally backed Seles into a corner where she lost her last bit of leverage.

Granted the chance to end the suspense with her signature shot, one of those forehand missiles, Graf plastered it past Seles and immediately raised both arms in the air to celebrate a 1-6, 6-4, 6-4 comeback at Madison Square Garden on Thursday night.

"I'm just so glad to come back and win this match after she came out and played so well in the first set, it was just amazing for me to come back and win," Graf said. Graf is 9-4 against Seles in a rivalry that's 10 years old and seems, if this match was any touchstone, evergreen. Then again, comebacks are becoming

tournaments coming into this event after. recovering in a hurry from September . wrist surgery. Given a chance to opt for an early vacation or pound her body. back into playing shape in time to make a madcap dash into contention for the Chase Championships, an invitation only round-robin event for the world'stop 16 players, Graf gambled and made, the dash. This victory extended her unbeaten streak to 12 matches and sent her



to the Saturday's semifinals, when she Steffi Graf during her three-set will play the winner of Friday night's - triumph over Monica Seles.

SCOREBOARD

ICEHOCKEY **NHL Standings** LASTIEN CONFERENCE

Boston 1 3 1 0-5 1st Period: B-Khristich 8 (Van Impe, Ledyard) 2d Period: B-Khristich 9, (sh.; 3, B-, Carter 1 (Thornton, Van Impe) 4, B-Carter 2 Carter 1 (Tharmon, Van Imper a Grand a (Van Impe. Thormon) (po). 5. F. kvaska 3 (Svetila) 6. F.Gogner 2 (Kozlov) (pp). 3d Period: B-Ledycrd 2 (DiMaio, Tovior) 8. F. Mellanby 2 (Louis) 9. F. Parrish 9 (Louis, Kazloy) 10. F-Svetila 2 (Whitney, Mellamby) Overtime: D. Shots on goot: F- 14-16-13-2-45.

Skevenson) 2. C.Wlemer 2 (Smith, Bure)
Second Perjade C.Wlim 1 (Dubinsky, Morris)
4. M.-Brunet 2 (Usarov, Weinrich) (pp.). 5. C.Cassels 4 (Bure, Fleury) (pp.). Third Parlode
M.-Hogland 1 (Shevenson, Houde) 7, M.Houde) (Hogland, Stevenson) Shots on
good: C. 8-3-3-19, M. 8-11-17-36. Goodless
C.Giguere, M.-Hockett.
Phisburgh 0 5 8-5
Tompan Rev

Period: None. Taird Period: Carolina. Sheppard 7 (Leschyshyr. Karpo) (ppl. 4 N.J. Niedermoyer 2 (Bryfin. Arnoli Overtime: 5. N.J. Pandolfo 4 (Raistun. Pederson) Shois on godi: Carolina 5-9-51—20. N.J. 15-12-11-3—41. Godiles: St. Louis 10. 2 0 0—2 (Raistun. Period: S.J. Louis 10. 2—3 1 0 2—3 (Raistun. Period: S.J. Courthal 2 (Targeon. Period: Period: S.J. Courthal 2 (Targeon. Period: Nashville. Kjeliberg 2 (Fitzgerald. Turcatie) Second Period: None. Third Period: Nashville. Petionen 2 (Watter. Berehowsky) 5. Noshville. Romaling 5 (Lambert) Shoits on godi: S.L. 10.12-9—31. Nashville 6-14-12—32. Godiles: S.L. Nashville 6-14-12—32. Godiles: S.L.

Nashville 6-14-12—32. Godfles: 5.L.-McLennan, Nashville, Denham.

First Period: V-Zezel 5 |Hec First Period: V-Zezel 5 I Hedican) 2. V-Messer 9 (Mogiliny, Nasiund) (pp). Second Period: V-Hedican 1 (Scatchard) (sh). 4. V-McCabe 2 (May, Klatt) (sh). Third Period: V-

McCabe 2 (May, Klatt) (sh). Third Parlot V-Aucain 7 (Mossier, Moginn) (pol. Stats on god: V-10-11-6-27.C-11-16-8-35. Gealles: V-Snow. C-Britington.

N.Y. Rosgers 2 1 1-5
Los Angeles 6 1 0-1
Ist Period: New Yark, Matholta 4 (Knuble.
Frosert 2. New Yark, Kovalev 1 (Sundstrom.
Schneider) (ppl. 3. New York, Graves 6 (Harvey, Mertzig) 2d Parlot: LA-Visheau 1 (Tsyplakov, Johinen) 5. New York, MacLean
7 (Schneider, Lestich) (ppl. 3d Parlot: Var. Var. Kovalev 2 (Gretzick) Sbobs on goal: New Yark, Kovalev 2 (Gretzick) Sbobs on goal: New York, Kovelev 2 (Gretzky) Shots on goal York 10-9-6-25, L.A. 8-13-8-29. Go New York, Cloutier, L.A.-Legaca.

FOOTBALL

U.S. COLLEGE SCORES No. 22 Micmi (7-2) def. Pirtsburgh 39-10

BASKETBALL

EUROLEAGUE

EIGHT ROTATION Councies, Lithuania, 77, Saratov, Ri Fenerbaice, Turkey, 78, Pau Orthez, Fr., 71
VBorla, Spain, 75, Varese, Italy, 72
STANDINGS: Zoigiris Kaunas 14 paints:
Fenerbaica 12: Pau Dribez 12; Vitoria 12;

Varese 11; Saratov 10
Maccabi Tel Aviv 81, Monresa, Spain, 55
Red Star. Belgrade, 71, Efes Pilsen Turk, 72
stancourcas: Panothimakos, 67, 16 pla:
Efes Pilsen Istanbul 15: Maccabi 11; Manresa 11; Cibona Zagrob, Cro., 10: Red Star 9. okos. Gr., 15 points

Kinder Belogna, 13: CSKA Mascaw 12: Ulk-erspor, Tur., 12: Zadar, Cro., 11: Alba Berlin 9. GROUP II Olimpija, Slovenia, 84 PAOK Scienika 68 STANDARGE: Okimpia 14 pairts, Red Madrid 14 Villeurbanne, France, 13: Team-system Belogna, Holy, 12: PACK Salanika, Greece, 11: Samara, Russsia 8. U.S. COLLEGE SCORES

No. 2. Connecticut (2-0) def. Richm sciev (2-0) def. Mercer 82-5 No. 11. UCLA (1-0) def. Santa Clara 89-76 No. 13. Olfaboros St. Cl-91 def. Manauelle 57-7 No. 17. Cincipanti (1-0) det. No. 25 Rhode Island (2-2) 70-53 see (2-2) lost to Mismu Chio

00-02 No. 22. Syracuse (2-0) del. Coppin Stele 74-56 No. 24, Clemson (3-0) del. W. Carvima 82-56 LEADING COLLEGE SESULTS
necticut 77, Richmond 57 Lehigh 79, Yale 66 sessee Tech 53

lowa 83, N. lowa 67 Atlami, Ohlo 68, Tennassoe 62 Michigan 62, Detroit 55 Taxas ASM 67, Stephen F. Austin 56 Texas Tech 87, Texas-Son Artonia 78 Iduho 79, W. Oregon 69 Oregon St. 63, Iduho St. 63 Poppertine 78, Presno St. 71 Weber St. 83, Brighom Young 80

No. 1 Purdee (2-0) boof Arizona 65-58 No. 3 Lockicsa Tech (1-0) def. Florida St. 68-72 No. 5 N. Carolina (4-0) def. N. Carolina-Wilm.

No. 9 Alsbana (3-6) def. Samford 96-52 No. 10 Rutgers (3-0) def. Indiana 60-53 No. 13 G. Washington (2-0) def. William & Mary 69-48 No. 20 Florida (2-1) lost to Colorado St. 80-65 No. 24 IBBois (1-0) def. 5 tanford 76-58

PRESEASON NIT SEMPINALS Rutgers 60. Indiana 53 Colorado St. 80, Florida 65

CRICKET

AUSTRALIA VS. ENGLAND FIRST TEST, FRIST DAY FRIDAY IN BRIGBANE, AUSTRALIA FIRST ONE-DAY INTERNATIO FREDAY IN CILURANWALA, PAICISTAN COME: 237 CH OUT IN 49.3 OVERS.

tisken: 241-6 in 47.2 overs PRES STATE VS. WEST INDUIS FOUR-DAYMATCH, FREET DAY FROMY IN SLOEMFONTEN, SOUTH AFRIC West Indies: 193 for four.

SKIING WORLD CUP

WOMEN'S GIANT FLALOM

Morting Eril Germany, 2:20.29.

3. Birgit Heet. Liechtenstein, 2:20.39. 4. Janica Kastelic, Croafia, 2:20.76.

5. Urska Hrovat Slovenia 2:21.03.

18.12 seco

 Anja Peterson, Sweden, 2:21.05.
 Aniha Wachter, Austria, 2:21.06.
 Kush Roben, Switzerland, 2:21.23.
 Andrine Flemmen, Norway, 2:21.27.
 Corione Rey Bellet, Switzerland, 2:21.31. 10. Conside Rety Debut; Switzening Zationals, Ca. St. ALONA STANDURGE Galler Zevenstein 1. Meissnitzer 180 points; 2: Florimen 127s. E. Fri 106; 4. Heeb 78; 5. Kosteke 72 c. Rey Bellet 66; 7. Deb. Compononi, II. and Poetson 66; 9. Regine Cavaginoud, Fr., 51; 10. Leito Piccant, Fr., 50.

COPA MERCONORTE
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El Nacional, Ecu., 1 Departivo Call, Col. 2

ond, Ecu, 1 Departmo Cas, Cal. 2
COPA LIBERTA BORRES
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L. STANDORGS: Montenty 10 pois
tries de Merido, Ven. 10; Neco
Universidad de Las Andes 4
llories de Merido and Monter
te 1000 cms Mex. 9; Univer

TENNIS

CHASE CHAMPIGNSHIPS THEIRSDAY IN HEW YORK

ATP DOUBLES CHAMPIONS THURSDAY IN HARTFORD, COMM.
GREEN GROUP
Fills Ferreiro, S. Africa, and Rick Leach.
U.S., (5), def. Todd Woodbridge and Mark

SING TORON ON PATAYA, THAILAND QUARTERPINALS
SING TORON CO., def. Cliga Boroborshikova, Bel.-6-4-6-1; Li Fong SS, Chi, def. Toroche Tomosogom, GJ. Thail. 7-8 (7-3), 6-4.
Kristina Brandi, U.S., def. Mallen Tu, U.S., def.

NATIONAL POOTBALL LEAGUE BALTHMORE—Signed LB Ray Lattle to 4-or control extension, through 2004 section. MIAMI—Claimed CB Ray Hill off workers

HOGERTY

NATIONAL HOOKEY LEAGUE

HHL—Suspanded Tompo Boy RW Andre!

Nozorov for 7 gomes, without pay, and fixed him \$1,000 for cross-checking Colorado II.

Cast Russell in Nov. 13 game.

Los ANGELES—Claimed C Brandon Convey off waters from Vancouver.

MONTREAL—Recolled C Eric House from Convention ANI.

THE WEEK AHEAD

CHECKET, Brisbone, Australia — Ashes, Australia vs. England, first lest to Nov. 24. FSCURE SEATTHER, Paris — Grand Pric. Lelique Traphy. to Nov. 22. GOLF, Matsuyama, Japan — Dolo Seishi Eliah Women's Open. to Nov. 22. Auditond.

COLLEGE

spocialis. European Champions Langue, sti, Betalion: Ajax vs. Cranic Zagreb; Olympiakus vs. PC Porte: Galatasamy vs. Ju-

now you're talking

match between Lindsay Davenport and

three players in the world: Davenport, Martina Hingis, and this event's de-fender, Jana Novotna, in the first round. No other player had ever defeated the



SOCCER

Lyon 2. Marseille 1 on 2. Norsalie : FTANDINOSE: Morsalie36 points; Bor-oux 35; Reintes 27; Lyon 24; Monoco 23

Cruzeire, Bruz. 1, Son Lorenzo Arg. 0

THURSDAY IN NEW YORK
SUMMALIS
QUARTERIFICALS
Iring Spirice, Rom., del. Dominique Van
Roost, Belg., 6-2, 6-3; Steffi Graf, Gat., del.
Martica Seles (S), U.S. 1-4, 6-4, 6-4,
DOGULES
SEINFIKALS
Lindsay Davenpart, U.S., and Natusha
Zvereva, Belgras, def. Lisa Raymond, U.S.,
and Rennoe Stubbe, Australia, 6-3, 6-1.

COLD GROUP

GOLD G VOLVO OPEN

Woodferde, Australia (7), 7-6 (7-3), 6-3. Jocco Elitingh and Poul Hearthus. The Netherlands (1), det. Olivier Detailse and Fabrice Santoro, France (7) 4-6, 7-5, 7-5.

COLD GROUP

6-3, 6-3; Julie Halard-Decogis (2), Fr., det. Wang Stil-ling (8), Talwan, 5-7, 6-2, 6-8.

TRANSITIONS POOTBALL -

OUTHWEST TEXAS—Signed Both DeBesser iball coach, to 3-year contract.

SATURDAY, Nov. 21

Phoenix, to Nov. 22: Les Vegas — women, TT LPGA Foot Championality, to Nov. 22. MAOTON SACTION, British — RAC Rafty, to

MUDBLY UNION, World Cup qualifying: Ireland vs. Ramania, Tests: Wates vs. Argent Scotland vs. S. Africa: France vs. Australia Scotland vs. S. Africzo France vs. Airstroffet.

TERRIERS, — New York — women, WTA
TOUT Championships, to Nov. 22 Hartford,
Connecticut — bernis, osen, ATP Tour, ATP
World Dochles Championship to Nov. 22.
Politopa City, Tholiand — women, Volvo
Djens to Nov. 22.

SECRETO, Park City, Utoh — women, Alpies,
World Cap, sistem, Raveniemi, Finland —
Hartis Combined World Cup, to Nov. 22.

SECRETORAL WORLD Conductions of the city women, paradict ging sident, sweden

Hiert women, paradict gingt sident, parallel
sident, institutes to Nov. 22.

SPHEROERAL WORLD.

kinds — World Cup event to Nov. 22. sumo, Fukuaka Japan — Kyusi umo Toumument, to Nov. 22. YOLLEYBALL, various sites, Japan en, World Championships, to Nov. 29.

SUNDAY, NOV. 22 AMERICAN POOTBALL, Winning, Maritaba, Canada — CFL Gray Cap. crescient, Shellapura, Pakistan — Pakistan va. Zimbatwe, 2d 1-day kiferan-PREVENT SKATTERS, Zograb, Credit

World Junior Champlometrips, to Nov. 29. RUGBY UNKON, World Cup qualitylage. egland vs. floty. excuses, Park City, Utub — mon, Alpine Berid Cup, skilom. TUESDAY, Nov. 24

CARCECUT, Reventabled, Pulision—Pelidaten vs. Zintheleve, 2d 1-dep kristen — Pelidaten vs. Zintheleve, 2d 1-dep kristenellenel,
sacrusia, Reisenlessi. Firdend — Mardic
Cambidied World Cups sprint.
soccising, UEFA Cup, faird record, 1 st LagReme vs. FC Zinth: Monoco vs. Marselles
Grand-Depris Switz, vs. Bordsender Red Socladent, Sp. vs. Atteite Maddid Lyon vs. Cub
Brugges: Respect. Soct. vs. Pormer Calle
Vigo vs. Liempook Bologen vs. Red Beffs.
Transport. Henover, Germany — men, ATP
World Jour Chambiotable, to Mar. 29.

WEDNESDAY, NOV. 25

Milan vs. Real Modrid; Sparink Moscow vs. Sturm Graz; Barcelona vs. Mon. U.: Bayeni Monich vs. Barnelby; Arsenal vs. Lenz D namo Klev vs. Parantiholikos; Helsinda vs.

THURSDAY, Nov. 26 Prin. Cup of Rossia, to Mor. 29.

cationary, Johannesburg — South Africa
vs. West Indies, Tortest, to Mov. 30.

"acol.r, thestaki, Japan—men, Caslo Wos Open, to Nov. 29; Mływaki — wamen, Mek; Nyugyo Cup, to Nov. 29.

FRIDAY, Nov. 27 monstappere, Sait Lake City, Utah ian mor. Transcence, Switzerland dd Cup. Iwo-n

World Cup. No-man ruce.

OC peeding on doping.

sea Justemen, Lilichammer, Nor. —
World Cup. 129-meter till events. To Nov. 29.

SKENER, Aspen. Colorudo — men. Alpine
World Cup, soper-G; Luke Louise. Alberta.
Canada, — soper-G. Palice World Cup. downhits Lilichammer, Nor. — Nordic combined hile Littehniumer, Nor. — Nerdic combined World Cop. to Nov. 22. specumical missea. Bardonecchia, Hofy — men, wanen, World Cup. sersmostartrea. Nobeyman, Japan — World Cop short-fract, to Nov. 29.

CRACKET, Peshower, Pokiston — Petistan va. Zimbobwe, 1st test to Dec. 31. SATURDAY, Nov. 28 Mortel Cup, four-man race.

ORICKET, Perit, Australia — Australia vs. England, 2d test, to Dec. 2. goung, 20 ress, to Dec. 2. GOLF, La Culnto, California — mediana Gorma, to Nov. 29.

BUDGESY TIMBON, World Cap qualifying:
Scotland vs. Portugal. Test matches: England vs. Aestralia: Ireland vs. South Africa.

BUTGESCO, Aliese World Cup. Aspen. Colonado — women. downthill. Nordic World
Cup: Moorito, Fin. — mee, women. to Nov. 29.

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DIEN. World Cup. parallel skilom.

BROWNDOORD WORLD. Sestives: thely—
DIEN. World Cup. parallel skilom.

BROWNDOORD WORLD. Sestives. me. to Nov. 29.

SUNDAY, Nov. 29

MORBE RACING, Tokyo — Japan Cop. 890100; Luite Louise, Alberta, Canada — somen, Alpine World Cop, super-G. 80134684; Bangalote, India — Mahindro World Open Squash Championship, to Dec. S.

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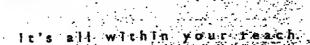
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Packers Seek Revenge And They'll Find It Against the Vikings

By Thomas George

Packers (7-3) at Vikings (9-1) Minnesota won the first meeting, 37-24, back in October in a Monday night game where Green Bay was flattened on the ground by Robert Smith and punished in the air by Randall Canningham's 442-yard passing game. This time look for the Packer receiver

MPL MATCHURS

Antonio Freeman and the Viking receiver Cris Carter to steal the show. Both will duel in another high-scoring affair where the defenses will be reeling Look for Green Bay to gain revenge Prediction: Packers, 34-28.

Cardinals (5-5) at Redekins (2-8)

Arizona toppled Washington, 29-27. earlier this month with Joe Nedney converting a 47-yard field goal with 2 seconds remaining. That victory helped keep the Cardinals alive in the playoff chase. Much rides on Cardinais' quarterback Jake Plummer, In two starts against Washington he has passed for 523 yards, five touchdowns and two interceptions. He will keep it going. Cardinals, 24-21.

sers (3-7) at Falcone (8-2) The Bears and the Falcons have not met since 1993. What a welcome sight they will be for the Falcons. After gaining tremendous confidence by eating the 49ers last week, Atlanta is ready to roll. Falcons, 30-10.

Lions (3-7) vs. Buccaneers (4-6) The season has sunk for the Buccaneers, who had such high hopes and grand plans but have seen inconsistency on offense result in a crash. It is not over for the Bucs, but it is getting close. They will make one last run for the playoffs by winning this one with. defense and by showing a bit of offensive spark led by back Warrick Dunn Buccaneers, 21-13.

Colts [2-8] at Bills (6-4) Peyton Manning has thrown a touchdown pass in seven straight games. He has passed for 2,289 yards. He has taken every Colts snap (642 plays). And he was shap in the end in beating the Jets last Sunday. But Buffalo counters with quarerback Dong Flutie. He looks at home. He is at home. Great news for the Bills. Bills. 28-17.

go the Jaguars and the Steelers again in another close game with big hits and big plays and momentum will move to Harriord, Connecticut swinging moments. That's what hap peos when these teams meet. Steel care of first, including this divisional battle. Patriots, 27-24.

Seattle is more talented than Dallas. Seattle is more talented than several teams. Why the .500 record? Poor play. Poor leadership. Poor produc-tion. But look for the Seahawk back Ricky Watters to break loose. Seahawks, 26-20.

Engles (2-8) at Glants (3-7) Can either of these teams get the football into the end zone? It could be brutal to watch. The Giants are more physical and are at home, so that helps their cause. Giants, 27-6.

Chiefs (4-6) at Chargers (4-6) The bottom has fallen out for Kansas City, and it is not pretty. Linebacker Derrick Thomas will not play after being suspended for personal foul penalties against Denver. The Chiefs try to regain respect. Chiefs, 19-13.

Panthers (1-9) at Rums (3-7) Must we watch? Can we bear it? The Panthers and the Rams might just punt all day long. Or maybe they will fumble it all afternoon. Or maybe they will drop it or kick it or just lose it. Who knows. Does anyone care? Sure, their fans do. Rams, 24-9.

Revens (3-7) at Bengale (2-8) What a horrible year for both clubs. Both were expected to be in their divisional chase. Both have become mired in bad play. The Bengals win because they are playing this game at home. They will win it with Paul Justin in at quarterback, and he will provide an instant lift. Bengals, 23-17.

Jets (6-4) at Oliers (6-4) Tennessee has won five of its last six, and in that stretch quarterback Steve McNair has passed for 1,195 yards with six touchdowns and three interceptions. Houston is a hot team. McNair is a hot quarterback. The Jets are sorrowful after losing to Indianapolis. Oilers, 21-20.

Raidors (7-3) at Broncos (10-0) Boy, the Raiders would love to upset Denver. They would love to see Denver squirm. They would be thrilled to put an end to this thought about Denver achieving a perfect 16-0 regular season. Forget it. Broncos, 36-10.

Sainte (5-5) at 40ers (7-3) The 49ers are suffering an identity crisis after dropping two big games in recent weeks, Green Bay first and then Atlanta next. Well, here comes a welfor the Bills. Bills, 28-17. come face — the Saints. They will mark (6-2) at Student (6-4) Here soothe the 49ers egos. 49ers, 30-14.

Polohine (7-3) at Patriote (5-5) The clock is ticking. Soon the Patriots

It's a Deal: Patriots Are Headed for Hartford

By Mike Allen New York Times Service

HARTFORD, Connecticut — The deal had been under way behind the scenes for months but arrived with almost no public prelude, adding to a sense of unreality among Hartford officials, who have sought and lost so many smaller projects.

But on Thursday, a team owner spurned at home and an eager governor next door shook hands, promising the National Football League's New England Patriots a new home in downtown Hartford and infusing Connecticut's blighted capital with big-league cachet. Governor John Rowland agreed to

build a \$350 million stadium for the Patriots' owner, Robert Kraft, who said he felt the Massachusetts Legislature had been too stingy with him.

About 200 of Hartford's business and

government leaders packed into the stained-glass splendor of a ceremonial

ing, applanding their coup with a sus-tained rhythm that sounded like rowdy fans when their team is first-and-goal.

"I can't tell you what it means to me to get that kind of warm reception from a community," Kraft said, in a pointed reference to political battles in Boston as he tried and failed to win a huge state subsidy for a new stadium near the Patriots' current home in Foxboro, Massachusetts. That stadium, built 27 years ago, is considered to be inaccessible and unattractive and lacks many of the

amenities of a modern park. Kraft joked that he drove from Boston to Hartford on Thursday in the same time it took him to get out of the parking lot at Foxboro Stadium

The deal - which would be financed by bonds and paid off through stadium revenues - must be approved by the Connecticut Legislature.

But leaders of both bouses took the podium to promise quick passage. As state between now and Dec. 31. Kraft was required to deposit \$2 million in escrow, which he would forfeit if he

began negotiations with another state. Governor Rowland, who has failed to close several other major deals he has championed, said he insisted on the escrow payment and exclusive negotiating window in an effort to avoid being used as leverage in Kraft's negotiations with Massachusetts lawmakers.

The acting governor of Massachusetts. Paul Cellucci, said he spoke with Kraft on Wednesday night and did not see any way to prevent the move.
The 68,000-seat stadium will be part

of a \$1 billion development on the Connecticut River that is to include a convention center, a hotel and sports stores. The site is now home to parking lots, blocky buildings, a steam plant and a dike that blocks the city's view of the river. The team, which has played in the

hall at Connecticut's state capitol building, applanding their coup with a susto Hartford in the fall of 2001, and Krafi

has committed to staying for 30 years; Despite the euphoria that greeted the news here, some experts were skeptical about the wisdom of abandoning Boston for the nation's 27th-largest television market, 28th-largest state and 37thlargest metropolitan area.

Mark Rosentraub, a professor of public affairs at Indiana University who specializes in sports economics, said the plan posed "a grave risk" for Con-

He said many Connecticut residents were fans of the New York Giants, and said he questioned bow many current Patriots fans would drive down from the Boston area year after year — especially if some are bitter about the team's departure, or if the team or the economy slumps. "Connecticut is too small, and already has split loyalties, "he said. "It all rests on the Boston market accepting

The Baseball Season Reaches the Right Conclusion

TASHINGTON -Sammy Sosa and Mark Mc-Gwire were deadlocked with 66 homers, McGwire said it would be 'the perfect ending' if they ended up in

a tie. Actually, all things considered, the perfect ending was for McGwire to hit four home runs in the last two games of the season for a total of 70, then for Sosa to be picked Thursday as the National League's Most Valuable Player.

That's the sort of tie that is truly fitting. McGwire, for all his amazing feats over the years, gets the great record that he has earned and deserved. But Sosa gets the high honor, and the place in history, that the MVP confers.

As perhaps the ideal final touch, Sosa responded to his landslide victory with 30 of 32 first-place votes - with characteristic modesty.

"I would have voted for Mark. In my heart, Mark McGwire is still The Man for me," said Sosa, who may have become the contemporary symbol for the athlete who does not do an end-zone dance or a throat-slash to call attention to himself. Instead, in a gesture even McGwire began to copy affectionately. Sosa blew kisses to his mother.

"It's hard to hit 70 home runs and not win the MVP. I was never so sure to myself that I had it until today," said the Dominican-born Sosa, who joined the American League's MVP, Juan Gonzalez of Puerto Rico, in giving Latin America its first MVP sweep. Just as a fabulous generation of African-American players reinvigorated baseball in Vantage Point/THOMAS BOSWELL

the '50s, so a huge wave of fabulous Latin players, led by Sosa and Gonzalez, has led the game's latest renaissance.

The game has added enormously to its popularity in the past few months, thanks to Sosa and McGwire, but millions of nonfans will still be confused about how McGwire could obliterate perhaps the most glamorous record in all of American sports, conduct himself like a true hero, play for a winning team and yet still get smoked by a buge margin for MVP. One writer, presumably a foreign correspondent for the Martian Chronicles, put McGwire seventh on his ballot.

Baseball prides itself on being a game that almost perfectly blends the selfish ambitions of the individual with the sacrifices needed for the team. In only a relatively few instances — the need to take a fat 3-0 pitch or hit behind the runner — do the two goals conflict.
Nonetheless, the game likes to reserve
its highest award for a player whose
statistics are married to victories.

Perhaps McGwire's manager in St. Louis, Tony La Russa, explained the point of view of the baseball purist best in the final week of the season when be said he was "so biased it's ridiculous." but that be thought Sosa deserved the Most Valuable Player award. "I don't think he's done more for his team than Mark has, but his team has done more than ours has, so his contribution counts for a little more in my book. Just barely, but that's who I would give it to.

McGwire now eclipses Ted Williams as the most conspicuously snubbed star in the MVP voting. At least when Williams hit .406 in 1941, he was bested by

Joe DiMaggio's 56-game hitting streak for the pennant-winning Yankees. By contrast, Sosa had no clear claim over McGwire in statistics. Sosa had the edge in runs batted in (158-147), average (.308-.299) and led the majors in runs (132) and total bases (414). But Mac's 162 walks set an NL record; his blend of slugging average (.752) and onbase percentage (.470) borders on the supematurai.

But that MVP trophy says, for all time, that the Cubs' right fielder was not just a sidekick or a subplot. After all, Sosa was tied with McGwire at 46, 47,

48, 55, 62, 63, 65 and 66 homers. True, he pulled ahead only twice and both times for less than an bour but we should not forget how amazingly close this race was for the last seven weeks of the season.

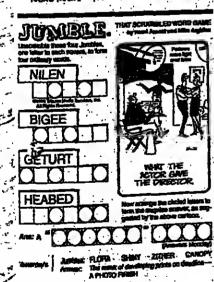
To the most exhilarating, two-man, six-month, edge-of-the-impossible extravaganza we'll probably ever live to see, it was indeed the perfect ending.



A smiling Sammy Sosa after being named the National League's MVP.

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The Relativity of Time

MIAMI — There are two kinds of people in the world, and I am one of them. I'm the kind of person who likes to be on time for things. In fact, I like to be early. Let's say I need to catch a flight that's leaving at 4 P.M. In planning my drive to the airport, I'll factor in a "cushion" to allow for the unexpected, such as heavy traffic, or a flat tire, or being kidnapped. Usually

I'm at the gate, ticket out, ready to go, no later than 7:14 A.M. My wife is the other kind of person. For her, the ideal way to catch a plane would be to arrive at the airport as the plane was taking off. She'd stand at the end of the runway, and as the plane flew over her, it would snatch her up with a hig hook. Even then, she'd wait until the last second.
"What's the hurry?" she'd say. "The plane isn't even halfway down the runway yet!"
Part of this is a cultural difference. I grew up in a WASP

household, and my wife grew up in a Cuban household. WASPs tend to follow schedules strictly; Cubans tend to be more relaxed. If a WASP wedding is scheduled in start at 2 P.M. Saturday, the wedding march will start at 2 P.M. sharp,

and the bride will come down the aisle at 2:03 P.M., oo matter what, eveo if the originally scheduled groom has hailed out and the hride has to use an emergency backup groom taken off the street.

But the difference between my wife and me is not totally cultural.

Whereas in a typical Cu-ban wedding, the phrase "2 P.M." is translated as "possibly this weekeod." (True fact: I once went to a wedding at a Coban home; I arrived 20 minotes before the scheduled start, and was greeted at the door by the hride, who was still in curlers.) I helieve that the Cuban community will not be affected by the Millenniom Bag until the year 2004 at the earliest.

But the difference between my wife and me is not totally cultural; I think it's also gender-related. I believe that men and women do not view time the same way: I think that, in general, women think there is WAY more time in the universe than meo do. This is not just some half-baked nodoo of mine: This is a scientific, statistically valid cooclusion that I reached by talking to some guys about their wives, In every case, the guys had experienced friction with their wives over the issue of time.

The way this typically works is, a couple will be going in a party, and they'll agree they're going to leave the honse at 7:30 P.M. The wife, believing that the universe has plenty of time left, interprets 7:30 to mean "around 8," or, more specifically, "9." Whereas the husband, acutely sensitive to the dwindling supply of time, interprets 7:30 to mean "around 7," which after he allows for an emergency cushion, translates to 6:45. The husband likes to allow a cushion on top of the cushion, in case there's a tornado or nuclear war, so he's dressed and ready to leave at 5:30, at which time the wife is figuring that she still has more than three hours - or, rounding it off, four hours,

By 7:25, the husband is a nervous wreck. By his figuring, they are now almost two hours late for the party (the husband

The husband likes to allow a cushion on top of the cushion.

oever wanted in go to the party in the first place but that is no longer relevant). The husband doesn't dare say anything directly to his wife, however, because this has resulted in friction oo several prior occasions (2,381 prior

occasions, to be exact). So he tries to alert her of the urgency of the situation via the Universal Husband Signaling Method, which is jingling his keys. This makes his wife crazy. She's thinking, "Why is he JINGLING already? We have TONS of time!" So, in a mistaken effort to calm him down, she calls out the words that cause despair in the hearts of met:

'I'm almost ready! I'm just putting on my makeup!' To the husband, these two statements contradict each other. It's like saying: "I'm very short! I'm 38 feet tail!" Or:
"You can believe me! I'm Bill Clinton!" Because to the husband, "I'm just putting on my makeup" means "I'm painstakingly applying 450 coats of beauty prodocts to my face using an applicator the width of a human hair." Granlooger to the husband because of Albert Einstein's Theory of it to the party, the husband, trying to keep on schedule, will immediately want to leave.

I realize that I've made some sweeping generalizations in this column, and you may disagree with me. If so, and you'd like to "drop me a line" so I can see your side of the story, you can forget about it, because I'm running late as it is, ©1998, The Miami Herald

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Winchell: Cultural Benchmark With 'Long Legs'

By Bernard Weinraub New York Times Service

OS ANGELES - Few indis-Leputable points can be made about Walier Winchell. One is that in his day, from the late 1920s to the '50s, he added extraordinary zest to the language of tahloid journalism.

In his abundantly syndicated column, newly married couples were "welded" or "lohengrinoed." A pregoant woman was "infanticipating," and with her mate would sooo join "the mom and population." If a couple broke np, Winchell found them "sharing

separate tepees." And all of this would assume huge importance if it happened anywhere oear Broadway, which in his parlance was, of course, "the first escaped immigrant poverty as main stem." But his creation of a a vaodeville hoofer. As a youth he language that caught the gaudy syn-copation of Tinselmwn and the news to Billboard, then a stage Great White Way doesn't come trade paper. That led to a joh as a close in explaining his lingering columnist for The Vandeville presence as a cultural benchmark. News and, in early 1924, to a Al the pinnacle of his success, in the column called "Your Broadway 1940s and early '50s, Winchell's and Mine" for the sensationalist column appeared in about 2,000

More than a quarter century after Winchell died, lonely and angry, denuded of power and pen, often reviled and more often only half remembered, his story has proved to have resonant staying power --what he might refer in as long legs. With steady frequency, writers and filmmakers examine his life, which, in an era drenched in celebrity journalism, has new relevance.

The latest effort is a movie oo Home Box Office, starring Stanley Tucci. Also in line is Martin Scorsese, who has an option oo Neal Gahler's praised book "Winchell: Gossip, Power and the Culture of Celebrity." Michael Herr's fictionalized rendering of Winchell held court like a prince, beckening prizefighters, movie Winchell's life remains a cult fa-vorite. And those who remember sters to his table. He demanded to

Lancaster's ruthless and somewhat demented version of Winchell, J.J. Hunsecker, in the 1957 film Sweet Smell of Success.1

His voice was a break-neck staccato. And his trademarks - a snapbrim fedora on his head and a cigarette dangling from his mouth --almost turned into a stylistic cliché of a certain type of hig-city "Front

Page' journalist.
"There are so many great themes here of power and revenge and extracting revenge and then paying the price for it," said Steven Zaillian, who has signed on to adapt Gabler's book for Scorsese. "He was mon-strous but vulnerable in a way."

Winchell came from a family of Jewish immigrants from Russia and grew up in East Harlem. He mewspapers and his radio program of the air, beating out "Jack Benny" and "Fibber McGee and Molly."

More than a guerter could be signed on with The Daily Mirror, a Hearst tabloid, for a daily Broadway column. The Evening Graphic. Less than a

Through it, in a world not yet transformed by television, he amassed extraordinary power, often wiclded ruthlessly, as a purveyor of gossip, innuendo and pointed opin-ion delivered between ellipses.

"If one surveys this culture of Monica Lewinsky and O.J. Simpson and constant gossip and salaciousness, and one tries to trace the roots, you find yourself at Walter Winchell," Gabler said. "He was not only present at the creation of this modern journalism but in many

what Winchell referred to as the know what they were doing but "oh so long ago" can recall Burt talked mostly of himself.



Walter Winchell during a radio broadcast in 1955.

conducted interviews with Al Ca-pone and palled around with Frank Costello - and defiantly dominated a Broadway world that no longer exists. One of his biggest coups took place in August 1939 when Louis (Lepke) Buchalter, who was de-scribed by the FBI Director J. Edgar. Hoover as "the most dangerous criminal in the Untied States," surrendered to him. Buchalter was electrocuted in 1944.

Winchell's reach into politics and the sporting world was also huge. Early in his career he adored the New Deal, was a firm supporter of civil rights and repeatedly de-

He mingled with the mob - he nounced Hitler and fascism far sooner than more Establishmeot journalists did. His two favorite public figures were Hoover and President Franklin D. Roosevelt. Shortly after the 1932 presidential to the White House, where he thanked him for his support and told

him to call whenever he wanted. his aggressive push for a military buildup before World War II, he viewed himself as nothing less than

thing, you'd go over to shake his-hand," David Brown, the producer, told Gabler, concerning Winchell's behavior at the Stork Club. "If he ignored you, you wouldn't go near him because he'd be very rude."

By the 1950s Winchell had be-come obsessed with communism and, through his friendship with Roy Cohn, embraced McCarthyism. He also launched a series of shrill attacks against the singer Josephine Baker, who created front page headlines by announcing that she had been snubbed at the Stork Club because she was black. The event turned into a cause célèbre, stirring up rival columnists, incloding Ed Sullivan, who once said over the radio, "I despise Walter Winchell because he symbolizes to me evil and treacherous things in the American setup."

Although he narrated the TV series. "The Untouchables," by 1959. Winchell'a career was in a rapid slide. His radio show was canceled. Jack Past, on "The Tonight Show," called him "a silly old man." In 1963, after a devastating man. In 1905, after a devastating 114-day newspaper strike, The Daily Mirror folded. Hearst's Journal-American took Winchell on, but he was despondent and felt he never really belonged to that newspaper. He hung on but in May 1967, Hearst Corp. informed him that his services were no longer needed oo what was then the World Journal Tribune.

As his career hurtled through its ups and downs, his son committed suicide, his daughter Walda suffered mental imbalance, another daughter, Gloria, whom he had adopted and adored, died of pneumonia, and his wife turned reclusive. He died of election, Roosevelt asked Winchell _cancer in 1972 and was buried with only Walda at his graveside.

Winchell's impact on tabloid journalism - and even Establish-For a while he seemed power- ment journalism — remains un-mad. Through his radio show and questioned: "He did not just invent the modern gossip column." bler wrote in the biography. "He became an opinion maker because the nation's savior. His personal he understood, as no one else then behavior was marked by tantrums. seemed to, the bitter subtext of the "If he deigned to wave or some gossip he purveyed."

PEOPLE

HE Broadway and screen star Julie Andrews may never I sing again, her husband is quoted as saying. More than a year ago Andrews had surgery to remove noncancerous throat nodules, and her voice hasn't been the same since, he said. "I don't think she'll sing again. It's an absolute tragedy,' the film director Blake Edwards told Parade magazine, "She was told she'd be O.K. in six weeks, the voice would actually be better. It's over a year, and if you heard it, you'd weep."
Andrews, 63, starred in the original Broadway versions of 'My Fair Lady" and "Camelot

ted, the wife can do this in seven minutes, but it seems way about her size, an appeals court in London has ruled. In a Thai Film Board has twice turned down scripts for the flattering 1994 profile. Classic CD magazine said that when the opera star became trapped in some swinging doors on the way to century ruler King Mongkut and the monarchy of Siam, as Cosmetic Relativity, which states that "every minute that a opera star became trapped in some swinging doors on the way to wife spends putting on makeup is experienced as 45 minutes a concert and was advised to turn sideways to free herself, she by a husband who has reached the key-jingling stage." By replied: "Honey, I ain't got no sideways." Norman contended the time they actually leave the house (at 7:40) there is so that she never uttered the remark, which she said held her up to much friction that the car may hurst into flames. If they make ridicule, mockery and contempt because it conformed to a "degrading racist stereotype of a person of African-American beritage." But Lord Justice Peter Gibson ruled that the remark could never convey the defamatory meanings she suggested.

> Representative Mary Bono is "100 percent convinced" January because he was taking "15, maybe 20" prescription

painkillers and tranquilizers a day around the time of his death.

"What he did showed absolute lack of judgment. That's what these pills do. They take away your thought process," she told TV Guide. An autopsy showed no drug or alcohol abuse, but Mary Bono said that when he died, Bono's "blood level was in the therapeutic range for Vicodin and Valium." She said her husband began taking pills for chronic back pain and neck problems, aggravated by neck surgery, in 1995.

Frustrated by official disapproval of its scripts, 20th Cen-Jessye Norman cannot sue a magazine for libel over a remark location in Thailand and will shoot instead in Malaysia. The Thailand was then known.

The French artist Pierre Pinoncelli was fined nearly 300,000 francs (\$53,000) on Friday by a court in Tarascon France, for damaging a porcelain urinal that was the work of Marcel Duchamp, a figure of the 20th-century avant-garde artistic movement. Pinoncelli was prosecuted after unishing in the urinal and hitting it with a hammer at an exhibition in Nimes in 1993. Pinoncelli, 69, said he urinated in the work of that her late husband, Sonny Bono, died in a skiing accident in art "to restore to it its real value" and hammered it to protest "the art market going to the dogs."



REUNITED - Roseanne interviewing John Goodman for a segment of her TV talk show. Goodman post trayed her husband on the comedy series "Roseannes



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